

Attachment 1

Wilshire Consulting

***Executive Summary of Performance
Prepared for***

California Public Employees' Retirement System

California Affiliate

- ***Judges II***
- ***Long-Term Care***
- ***Volunteer Firefighters***

California Legislators' Fund

California Employer's Retiree Benefit Trust

California Supplemental Income Plans

Second Quarter 2010



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Capital Market Overview

The dramatic four-quarter rally in global stock markets managed to extend itself into April 2010. However, over May and June the bears rushed into the markets with a vengeance, and the second quarter of 2010 yielded a global stock market correction on a scale not seen since the fourth quarter of 2008. Consumer confidence has been shaken in recent months from a combination of factors including European sovereign debt issues, the BP oil spill off the US Gulf Coast, and a continued elevated level of unemployment in the US. However, there are persistent signs that the fragile US economic recovery continued to develop. Real Gross Domestic Product grew at an annual rate of 2.7% in the first quarter of 2010; although this is still positive growth, it lags behind the 5.6% annual rate seen in the fourth quarter of 2009. The US economy has added nearly 600,000 private sector jobs in calendar 2010, and the June 2010 unemployment rate fell to 9.5% (seasonally adjusted). Consumer-level inflation in the US has held at remarkably low levels (US CPI, All Urban Consumers, 0.15% for second quarter 2010). The Federal Reserve has held its target rate in the 0.0-0.25% range, reiterating its view that current economic conditions “warrant[ed] exceptionally low levels of the federal funds rate for an extended period”; that is, maintenance of liquidity trumped inflation control vis-à-vis Fed monetary policy for yet another quarter. US Treasury yields barely moved over the quarter, helping bond markets in their return to stability. Despite the BP Gulf disaster, crude oil supplies remain relatively high and prices fell notably over the second quarter; crude oil ended the quarter at \$75.63 USD per barrel, a 9.7% fall. However, gold rose as investors sought a relatively safe haven for their money (\$1,245.50 per troy ounce as of June 30, an 11.9% gain).

U.S. Equity Market

The Wilshire 5000 Total Market Index fell -11.19% in the second quarter, giving up 2010's year-to-date gains (-5.83% calendar 2010). The S&P 500 Index's somewhat lower -11.43% return for the quarter reflected its very large-cap bias as well as smaller-cap stocks clinging to recent gains more tenaciously. Indeed, the Wilshire US Large Cap's -11.37% return lagged notably behind the US Small Cap's -9.77% and the US Micro Cap's -8.69% for the second quarter. Value-oriented large-cap stocks outperformed growth-oriented large-cap equities (Wilshire US Large Value, -9.92%; Wilshire US Large Growth, -12.90%); however, among small-cap stocks the quarter favored growth over value (Wilshire US Small Growth, -8.39%; Wilshire US Small Value, -11.12%). The best-performing sectors of the S&P 500 (GICS sector classification) in the second quarter were Utilities (-3.76%) and Telecomm Services (-4.24%), while Materials (-15.30%) and Energy (-12.66%) were the worst performers. The Real Estate sector of the US stock market experienced less of a sell-off than the overall stock market, given considerable momentum to the upside in recent quarters (Wilshire Real Estate Securities, -4.42%).

Fixed Income Market

The second quarter of 2010 presented a classic, remarkable flight to safety as investors rotated out of stocks and lower-quality corporate bonds and retreated to US Treasuries. The aggressively accommodative stance of the US Federal Reserve held with no fixed end in sight; near-zero key rates may

hold until year-end 2010. The broad bond market performed relatively well during the second quarter (Barclays US Aggregate, 3.49%), but there was notable return variance between economic sectors and maturity bands. Given extremely low short-term Treasury yields, investors sought safety farther up the yield curve and pushed yields markedly lower. Two-year Treasury par yields fell 41 basis points to a remarkable 0.60%, while thirty-year spreads slid 77 b.p. to 3.95%. Unsurprisingly, long-term Treasuries strongly outperformed shorter-term paper (Barclays 1-3 Year Treasury, 1.20%; Barclays Long Treasury, 11.84%). Credit spreads widened over the quarter, especially in the high yield sector, where the rally that started in the first quarter of 2009 may finally be running out of momentum. Investment-grade credits underperformed US government issuance (Barclays Credit, 3.27%; Barclays Government, 4.25%). Meanwhile, a 130-b.p. jump in high-yield OAS (to 7.00%) put the brakes on this sector's recent winning streak (Barclays US High Yield, -0.11%). Agency mortgage-backed securities trailed other investment-grade bond sectors during the second quarter (Barclays MBS, 2.87%).

Non-U.S. Markets

Global equity markets yielded to strong sell pressure in the second quarter of 2010. The sovereign debt crisis in Greece spilled over into other debt-laden European countries like Portugal, Spain and Ireland, threatening to undermine global confidence in the Euro and, indeed, the very business model of the European Union. In local currency terms, the -9.86% slide of the MSCI Europe Index (net dividends) was outpaced by the -13.05% plunge in the MSCI Pacific Index (net dividends). In US dollar-converted terms, however, a different picture emerges; the MSCI Pacific's -11.57% USD return reflects the dollar's weakness against Asia-region currencies, while the MSCI Europe's -15.19% performance highlights the dramatic plunge of the Euro against the dollar (-16.2% change year to date 2010). Emerging markets swooned in the face of crude oil and non-gold commodity price weakness combined with a dramatic tumble in the Chinese stock market. China, one of the shining stars of the emerging world economies, is facing a developing real estate bubble and the possibility of much higher inflation; faced with the threat of the Chinese government tightening fiscal policy to slow down the economy, investors reacted by selling Chinese equities. Nonetheless, developed market equities were outpaced by emerging market stocks both in local currency (MSCI EAFE, net dividends, -11.15%; MSCI Emerging Markets, net dividends, -5.61%) and US dollar-converted terms (MSCI EAFE, net, -13.97%; MSCI Emerging Markets, net, -8.37%). Global bond markets outperformed global stock markets in the face of equity volatility, although the relative strength of the US dollar eroded the performance of offshore bond investments in dollar-converted terms (Barclays Global Aggregate, 1.77% USD, dollar-hedged, -0.03% USD, unhedged).

Summary of Index Returns

For Periods Ended June 30, 2010

	<u>Quarter</u>	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
Domestic Equity					
Standard & Poor's 500	-11.43%	14.40%	-9.82%	-0.79%	-1.59%
Wilshire 5000	-11.19	15.68	-9.36	-0.28	-0.78
Wilshire 4500	-9.87	23.68	-7.40	1.63	1.61
Wilshire Large Cap	-11.36	14.41	-9.55	-0.50	-1.39
Wilshire Small Cap	-9.76	26.87	-6.74	2.18	4.27
Wilshire Micro Cap	-8.69	20.72	-10.32	-1.26	5.61
Domestic Equity					
Wilshire Large Value	-9.92%	15.35%	-12.15%	-1.64%	1.99%
Wilshire Large Growth	-12.90	13.38	-7.05	0.49	-4.60
Wilshire Mid Value	-9.75	30.30	-8.17	0.63	6.32
Wilshire Mid Growth	-11.40	24.23	-5.72	3.55	0.60
Wilshire Small Value	-11.12	30.25	-7.09	1.69	8.26
Wilshire Small Growth	-8.39	23.62	-6.38	2.65	0.13
International Equity					
MSCI All World ex U.S. (USD)	-12.45%	10.43%	-10.70%	3.38%	1.86%
MSCI All World ex U.S. (local currency)	-9.52	11.92	-10.46	2.31	-.-
MSCI EAFE	-13.97	5.92	-13.38	0.88	0.16
MSCI Europe	-15.18	5.69	-15.03	0.27	0.44
MSCI Pacific	-11.57	6.41	-9.92	2.08	-0.55
MSCI EMF Index	-8.37	23.15	-2.50	12.73	10.02
Domestic Fixed Income					
Barclays Aggregate Bond	3.49%	9.50%	7.55%	5.54%	6.47%
Barclays Credit	3.27	14.69	7.41	5.31	6.94
Barclays Mortgage	2.87	7.48	8.23	6.25	6.54
Barclays Treasury	4.69	6.68	7.81	5.38	6.20
Citigroup High Yield Cash Pay	0.12	24.85	6.02	6.69	7.48
Barclays US TIPS	3.82	9.52	7.62	4.97	7.45
91-Day Treasury Bill	0.04	1.05	1.51	2.30	2.37
International Fixed Income					
Citigroup Non-U.S. Gov. Bond	-1.26%	1.52%	7.66%	4.98%	6.44%
Citigroup World Gov. Bond	0.29	3.03	7.83	5.14	6.52
Citigroup Hedged Non-U.S. Gov.	1.56	4.92	6.00	4.44	5.21
Currency*					
Euro vs. \$	-9.47%	-12.67%	-3.20%	0.23%	2.48%
Yen vs. \$	5.59	9.03	11.75	4.60	1.80
Pound vs. \$	-1.37	-9.15	-9.32	-3.55	-0.12
Real Estate					
Wilshire REIT Index	-4.23%	55.46%	-10.33%	-0.35%	9.74%
Wilshire RESI	-4.42	56.07	-10.48	-0.47	9.49
NCREIF Property Index	3.31	-1.48	-4.71	3.78	7.15

Summary Review of Plans Periods Ended 6/30/10

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
TOTAL FUND for PERF	\$200.0 bil	-4.6%	11.4%	-6.1%	1.9%	2.7%
<i>Total Fund Policy Index ¹</i>		-3.1%	16.1%	-1.5%	4.5%	3.6%
<i>Actuarial Rate</i>		1.9%	7.8%	7.8%	7.8%	7.9%
<i>TUCS Public Fund Median</i>		-5.4%	12.7%	-3.3%	3.0%	3.4%
<i>Wilshire Large Fund Universe Median</i>		-5.1%	13.1%	-4.0%	3.2%	3.4%
Affiliate Fund						
Judges II	\$408.7 mil	-5.8%	16.6%	-3.7%	2.2%	2.6%
<i>Weighted Policy Benchmark</i>		-5.4%	14.7%	-3.6%	2.5%	2.5%
Long-Term Care ("LTC")	\$2,598.2 mil	-4.8%	16.6%	-1.8%	3.2%	2.9%
<i>Weighted Policy Benchmark</i>		-4.4%	14.8%	-1.8%	3.2%	2.7%
CERBT Fund	\$1,247.4 mil	-7.9%	15.9%	-5.3%	-.-%	-.-%
<i>Weighted Policy Benchmark</i>		-7.7%	14.8%	-5.9%	-.-%	-.-%
<i>TUCS Public Fund Median</i>		-5.4%	12.7%	-3.3%	3.0%	3.4%
Legislators' Fund						
LRS	\$113.7 mil	-2.2%	16.1%	1.4%	3.7%	4.3%
<i>Weighted Policy Benchmark</i>		-1.7%	13.1%	1.2%	3.7%	4.4%
<i>TUCS Public Fund Median</i>		-5.4%	12.7%	-3.3%	3.0%	3.4%

¹ The Total Fund Policy Index return equals the return for each asset class benchmark weighted at the current target asset allocation.



Total Fund Review PERF Periods Ended 6/30/2010

	Market Value \$200.0 bil	Five-Year Ratios							
		Qtr	1 Year	3 Year	5 Year	10 Year	VaR ¹²	Sharpe ¹³	Info ¹⁴
TOTAL FUND		-4.6%	11.4%	-6.1%	1.9%	2.7%	\$23.2 bil	-0.1	-0.6
Total Fund Policy Index ²		-3.1%	16.1%	-1.5%	4.5%	3.6%		0.1	0.0
Actuarial Rate		1.9%	7.8%	7.8%	7.8%	7.9%			
TUCS Public Fund Median		-5.4%	12.7%	-3.3%	3.0%	3.4%			
Wilshire Large Fund Universe Median ³		-5.1%	13.1%	-4.0%	3.2%	3.4%			
TOTAL GLOBAL EQUITY EX-AIM & EX CURRENCY OVERLAY⁴	99.0	-11.0%	14.4%	-10.0%	0.9%	0.3%	\$17.3 bil	-0.1	-0.4
Equity Policy Index ⁵		-11.1%	13.8%	-9.3%	1.3%	0.2%		-0.1	0.0
TUCS Equity Median ⁶		-10.6%	16.3%	-8.3%	0.6%	2.0%			
TOTAL FIXED INCOME⁷	46.6	4.2%	20.3%	9.5%	6.7%	8.0%	\$2.8 bil	0.6	0.2
Fixed Income Policy Index ⁸		5.3%	12.5%	9.0%	6.0%	7.4%		0.5	0.0
TUCS Fixed Income Median		3.0%	11.9%	7.4%	5.8%	6.8%			
TOTAL REAL ESTATE⁹	14.9	-5.1%	-37.1%	-25.6%	-8.6%	2.2%	\$2.3 bil	-0.6	-0.9
Real Estate Policy Benchmark		0.3%	-4.7%	-2.6%	5.3%	7.7%		0.3	0.0
TUCS Real Estate Median		0.6%	-7.0%	-11.3%	0.0%	6.4%			
TOTAL AIM PROGRAM	28.8	4.3%	30.9%	2.4%	9.5%	4.6%	\$8.9 bil	0.6	-0.4
AIM Policy Index ¹⁰		6.8%	56.4%	12.3%	14.7%	4.5%		1.2	0.0
Lagged PERS2500 + 3%		6.8%	56.4%	-0.8%	5.6%	2.7%			
TOTAL INFLATION LINKED PROGRAM	4.9	-1.0%	2.7%	-.%	-.%	-.%	\$0.7 bil		
Policy Index		1.7%	6.1%	-.%	-.%	-.%			
Currency + Asset Allocation Transition	2.6								
CASH EQUIVALENTS PROGRAM	3.2	0.1%	0.3%	2.0%	3.2%	3.1%			
Custom STIF ¹¹		0.0%	0.3%	1.9%	3.1%	2.8%			

² The Total Fund Policy Index return equals the return for each asset class benchmark weighted at the current target asset allocations.

³ These returns represent preliminary numbers.

⁴ Includes domestic equity, international equity, corporate governance, and MDP ventures. It does not include developed small cap, mid cap, and emerging transitions accounts. These amounts are reflected in total fund but are not included in any composite.

⁵ The Equity Policy Index is the composite of six benchmarks (Wilshire 2500 Index, Wilshire Microcap Index, FTSE Developed Large, FTSE Developed Small, FTSE Emerging Large, FTSE Emerging Small) and is calculated daily. Starting 2/01/2010, the Equity Policy Index also incorporates RM ARS benchmark, which is 1-Year Treasury Note + 5%.

⁶ Includes domestic and international equity.

⁷ The Total Fixed Income Composite does not include the fixed income plan level transition account as well as LM Capital. LM Capital has been mapped to the domestic equity composite, effective 1Q2005, per CalPERS' direction.

⁸ The Fixed Income Policy Index return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

⁹ Real estate total returns are net of investment management fees and all expenses, including property level operations expenses netted from property income. This method differs from GASB 31, which requires all investment expenses be identified for inclusion in the System's general purpose financial statements.

¹⁰ The AIM Policy Index is the Wilshire 2500 + 3% lagged one quarter and linked previously to the custom young fund.

¹¹ The Custom STIF Policy Index is a custom index maintained by SSgA.

¹² VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value ((Expected Return – (1.65 X SD)) X MV).

¹³ The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the total risk taken. The 5-year period was selected to provide sufficient data points for a meaningful calculation, but is still short enough to reflect the changes to the investment programs over the last few years.

¹⁴ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured. The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the total risk taken. The 5-year period was selected to provide sufficient data points for a meaningful calculation, but is still short enough to reflect the changes to the investment programs over the last few years.



Total Fund Review for PERF (continued)

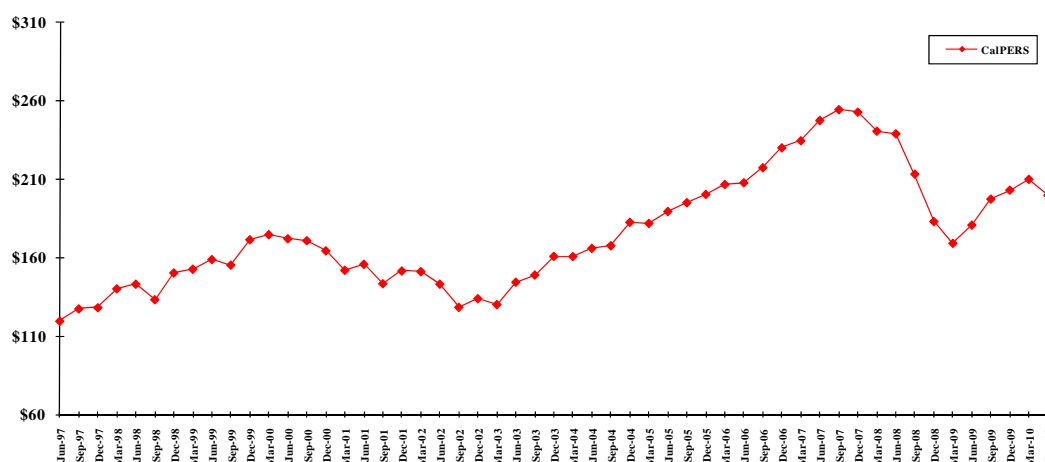
Periods Ended 6/30/10

Total Fund Flow

(\$Millions)	Beg. Mkt Value	Net Cash Flow	Invest. Mgmt Fees	Invest. Gain/Loss	End. Mkt Value	Total Return
2Q10	210,174	(781)	(145)	(9,282)	199,966	-4.6%

Total Fund Flow

	2002	2003	2004	2005	2006	2007	2008	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Market Value (\$bil)	134.1	161.0	182.8	200.6	230.3	253.0	183.3	169.4	181.0	197.6	203.3	210.2	200.0



Asset Allocation

Asset Allocation: Actual versus Target Weights*

Asset Class	Actual Asset Allocation Quarter Ending	Target Asset Allocation	Difference Ending
Equities	49.6%	49.0%	0.6%
Fixed Income	24.5%	22.5%	2.0%
Real Estate	7.5%	10.0%	-2.5%
ILAC	2.4%	3.5%	-1.1%
AIM	14.4%	13.0%	1.4%
Cash Equivalents	1.6%	2.0%	-0.4%

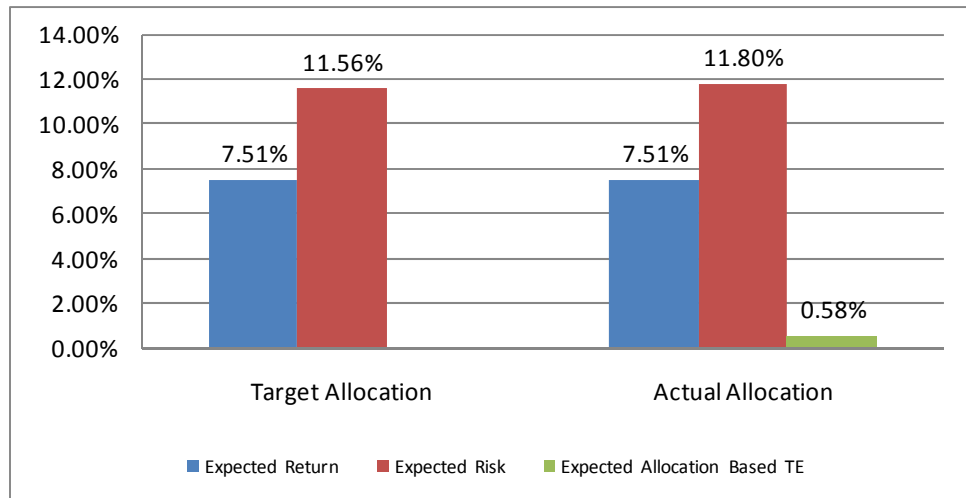
CalPERS Historical Asset Allocation

	2001	2002	2003	2004	2005	2006	2007	2008	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
% Equity	63	57	63	63	62	63	56	40	38	50	54	54	54	50
% AIM	-	5	5	5	5	6	8	13	14	11	11	12	13	14
% Fixed Income	27	28	24	24	25	23	27	24	26	25	24	24	23	24
% ILAC	-	-	-	-	-	-	1	2	3	3	2	2	2	2
% Real Estate	9	9	7	6	5	8	8	12	12	10	7	7	7	8
% Cash	1	1	1	1	3	1	1	8	8	1	1	1	1	2

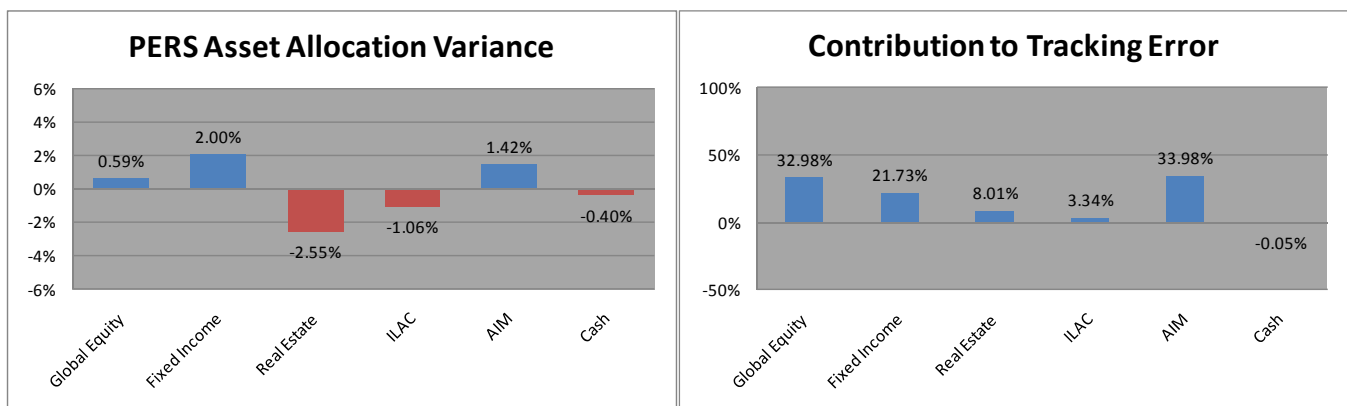
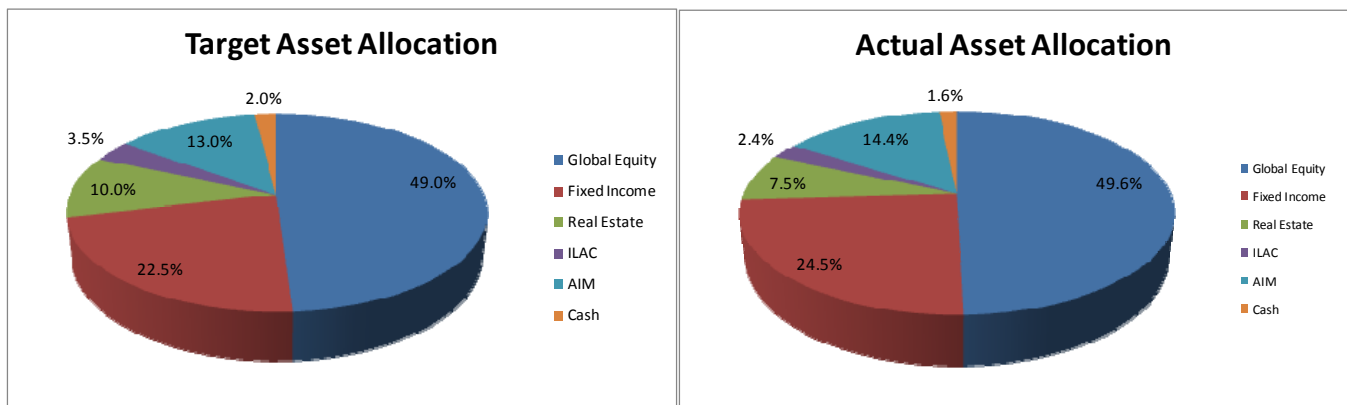
* Asset allocation targets are in the process of shifting to the new targets adopted by the Investment Committee as of January 2008. Transitions accounts are included with their respective asset classes. The target allocation is as of 4/01/2010.

Total Fund Review for PERF (continued) Periods Ended 6/30/10

Expected Return/Risk and Tracking Error based on Wilshire's Asset Class Assumptions



Total Fund Asset Allocation

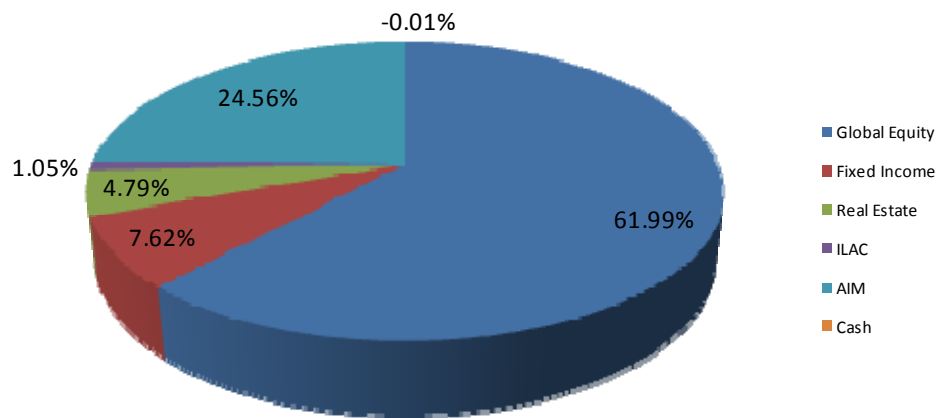




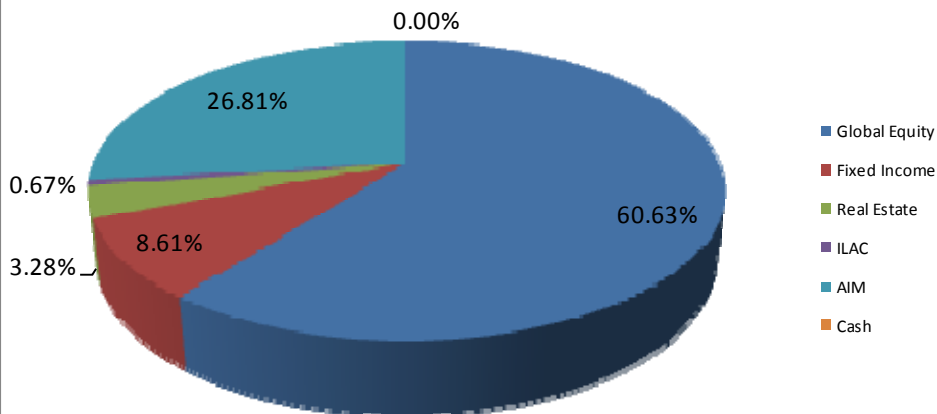
Total Fund Review for PERF (continued) Periods Ended 6/30/10

Contribution to Total Risk based on Wilshire's Asset Class Assumptions

Contribution to Total Risk - Target Allocation



Contribution to Total Risk - Actual Allocation



California Public Employees' Retirement System

Total Fund Attribution

Total Composite

Quarter Ended 6/30/10

Composite	Allocation			Returns			Total Fund Return Contribution				
	Policy (%)	Actual (%)	Difference (%)	Policy (%)	Actual (%)	Difference (%)	Strategic Policy (%)	Actual Allocation (%)	Active Management (%)	Activity / Timing (%)	Weighted Return (%)
Total Equity ex-AIM	49.00	54.06	5.06	-11.09	-11.00	0.09	-5.43	-0.40	0.05	-0.16	-5.95
Total Fixed Income	22.50	22.90	0.40	5.28	4.21	-1.07	1.19	0.03	-0.25	-0.01	0.96
ILAC	3.50	2.35	-1.15	1.65	-1.01	-2.66	0.06	-0.05	-0.06	0.04	-0.02
Real Estate	10.00	7.01	-2.99	0.35	-5.09	-5.44	0.04	-0.10	-0.38	0.09	-0.36
AIM Program	13.00	12.83	-0.17	6.77	4.33	-2.44	0.88	-0.02	-0.31	0.01	0.56
Cash	2.00	0.85	-1.15	0.05	0.07	0.02	0.00	-0.04	0.00	0.04	0.00
Total Fund	100.00	100.00	0.05	-3.12	-4.56	-1.44	-3.12	-0.58	-0.95	0.09	-4.56

The Total Fund Attribution displays the return contribution of each asset class to the total fund using the allocation to each program at the beginning of the quarter and this quarter's returns to determine if tactical allocation and active management within asset classes helped or hurt performance.



Total Fund Review for PERF (continued)

Periods Ended 6/30/10

- ◆ The California Public Employees' Retirement System ("CalPERS, the System") generated a total fund return of -4.56%, for the quarter ended June 30, 2010. CalPERS' return can be attributed as follows:

-3.12%	Strategic Policy Allocation
-0.58%	Actual/Tactical Asset Allocation
-0.95%	Activity/Timing
<u>0.09%</u>	Active Management
-4.56%	Total Return

- ◆ The total fund attribution table on the previous page displays the return contribution of each asset class to the total fund. This table will allow the Board to see if tactical allocation and active management within asset classes helped or hurt performance during the quarter.
 - Strategic Policy: The contribution to total return from each asset class, calculated as the percentage allocated to each asset class multiplied by the benchmark for that asset class.
 - Activity: The Activity contribution column is the difference between the "buy and hold" portfolio and the weighted return and would be caused by timing and size of cash flows (transfers, deposits, and withdrawals).
 - Actual Allocation: The return contribution during the quarter due to differences in the actual allocation from the policy allocation (i.e. the actual allocation to total equity was higher than the policy allocation). A positive number would indicate an overweight benefited performance and vice versa.
 - Active Management: The return contribution from active management. The number would be positive if the asset class outperformed the designated policy index and vice versa (i.e. the US fixed income segment outperformed its custom benchmark during the quarter and contributed positively to active management).
 - Actual Return: The actual return of the asset classes if allocations to them were static during the quarter. These returns will not match exactly with the actual segment returns since asset class allocations change during the quarter due to market movement, cash flows, etc.
- ◆ CalPERS' Total Fund underperformed its strategic policy benchmark during the second quarter. Relative underperformance by real estate and the AIM program was the biggest performance detractor this quarter, trailing their respective policy indices by 544 bps and 244 bps, as the System's private real estate and private equity investments continued to lag. In addition, CalPERS had a larger-than-policy benchmark exposure to equities, which was the worst performing asset class on an absolute basis during the 2Q, and this allocation differences further detracted from Total Fund return.
- ◆ The Total Fund composite also trailed its actuarial rate (1.9%) for the quarter, and continued to lag over the three year, five year, and ten year periods.



Total Fund Review for PERF (continued) Periods Ended 6/30/10

Helped or Matched Performance:

- ◆ **U.S. Bond Exposure:** CalPERS' U.S. Fixed Income composite beat the total fund policy index (4.7% vs. -3.1%), as risk aversion drove investors to seek shelter in safer assets over rising uncertainties of the U.S. economic outlook.
- ◆ **International Fixed Income:** The System's international bond segment was in the negative territory during the second quarter (-0.3%) primarily due to the re-emergence of sovereign debt concerns, but still managed to outperform relative to the total fund policy benchmark.
- ◆ **AIM Program:** The alternative investment program generated a return of 4.3% for the quarter, trailing its own AIM policy benchmark return, but outperformed the total fund policy
- ◆ **RM ARS Program:** The RM ARS Program returned -0.8% for the quarter and beat the total fund policy.
- ◆ **Total Inflation Linked Program:** The total inflation linked program's 2Q return of -1.0% performed better than the total fund policy.

Impeded Performance:

- ◆ **U.S. Equity Exposure:** The System's U.S. equity asset class returned -11.1% and underperformed the total fund policy return of -3.1%, as concerns over fading federal stimulus impact and a stalling economic recovery rattled investor confidence in the equity market during 2Q.
- ◆ **International Equity Exposure:** The System's international equity program returned -11.9% and underperformed the policy index return for the quarter.
- ◆ **Real Estate:** The System's real estate segment underperformed the total fund policy as write-down continued in the commercial real estate investments.
- ◆ **Corporate Governance:** Hurt by decline of the broad equity markets during the second quarter, CalPERS' corporate governance program's return of -9.4% and underperformed the total fund policy.



Total Equity Review for PERF Periods Ended 6/30/10

Equity Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Global Equity	49.6%	49.0%	0.6%

Equity Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ²⁰	5-year Sharpe Ratio ²¹	5-year Info Ratio ²²
TOTAL GLOBAL EQUITY EX-AIM & EX CURRENCY OVERLAY¹⁵	99.0	-11.0%	14.4%	-10.0%	0.9%	0.3%	\$17.3 bil	-0.1	-0.4
Equity Policy Index ¹⁶		-11.1%	13.8%	-9.3%	1.3%	0.2%		-0.1	0.0
Value Added		0.1%	0.6%	-0.7%	-0.4%	0.1%			
US Equity Composite	35.6	-11.1%	16.7%	-9.5%	-0.4%	-0.8%		-0.2	-0.1
PERS Wilshire 2500 Index		-11.2%	15.7%	-9.3%	-0.4%	-1.1%		-0.2	0.0
Value Added		0.1%	1.0%	-0.2%	0.0%	0.3%			
Total Intl Equity ex-AIM & ex-Currency overlay	49.3	-11.9%	12.8%	-10.2%	3.9%	2.3%		0.1	0.7
PERS Custom Index ¹⁷		-12.7%	9.6%	-10.9%	3.3%	1.8%		0.0	0.0
Value Added		0.8%	3.2%	0.7%	0.6%	0.5%			
Global Equity Equitization	4.5	-13.2%	9.8%	-.-%	-.-%	-.-%			
PERS Custom Index		-11.0%	14.0%	-.-%	-.-%	-.-%			
Value Added		-2.2%	-.-%	-.-%	-.-%	-.-%			
RM ARS Program	5.5	-0.8%	9.8%	-1.9%	4.2%	-.-%		0.2	-0.6
Policy Index ¹⁸		1.5%	6.0%	8.3%	8.7%	-.-%		6.3	0.0
Value Added		-2.3%	3.8%	-10.2%	-4.5%	-.-%			
Corporate Governance	4.2	-9.4%	14.3%	-13.1%	-1.1%	5.8%		-0.2	-0.2
Policy Index ¹⁹		-10.6%	8.1%	-11.8%	-0.1%	0.3%		-0.2	0.0
Value Added		1.2%	6.2%	-1.3%	-1.0%	5.5%			

¹⁵ Includes domestic equity, international equity, corporate governance, global equity equitization, and RM ARS program. The developed small cap, large and mid cap, and emerging transitions accounts are not included in global equity. In addition, there may be rounding differences.

¹⁶ The Equity Policy Index is the composite of six benchmarks (Wilshire 2500 Index, Wilshire Microcap Index, FTSE Developed Large, FTSE Developed Small, FTSE Emerging Large, FTSE Emerging Small) and is calculated daily. Starting 2/01/2010, the Equity Policy Index also incorporates RM ARS benchmark, which is 1-Year Treasury Note + 5%.

¹⁷ The PERS Custom Index currently represents the FTSE All World ex US Index. This Index is linked historically to its prior benchmarks.

¹⁸ The RM ARS Policy consists of the Merrill Lynch 1-Year Treasury Note +5% and is linked historically to its prior benchmark.

¹⁹ The Corporate Governance Index return equals the return for each manager's benchmark weighted at the current target asset allocation.

²⁰ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

²¹ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

²² The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per unit of excess risk ventured.



Total Equity Review for PERF (continued)

Comments Regarding Recent Equity Segment Performance

Helped or Matched Performance:

- ◆ **Domestic Equity Exposure:** The System's U.S. equity composite matched the total equity policy and beat its own policy index for the quarter.
- ◆ **Internal PERS 2500:** The System's internal PERS 2500 index fund performed better than its custom benchmark while matching the total equity policy during the 2Q.
- ◆ **Dynamic Completion Fund (DCF):** The DCF portfolio outperformed the total equity policy return for the quarter. The fund's track record has also done well relative to the equity policy over the one-, three-, and ten-year periods.
- ◆ **Domestic Internal Micro Cap:** The internal Micro Cap index fund outperformed both the total equity policy and its custom benchmark for the quarter.
- ◆ **Emerging Markets Exposure:** The System's emerging market managers outperformed the total equity policy index. The emerging markets segment has also outpaced the total equity return for the one year, three year, and five year periods.
- ◆ **International Equity MDP:** The international equity MDP program outperformed relative to the total equity policy this quarter.
- ◆ **RM ARS Program:** The System's RM ARS program beat the total equity policy for the quarter.
- ◆ **Corporate Governance:** The Corporate Governance program outperformed relative to the total equity policy during 2Q and continues to add value over the one-year and ten-year marks.

Impeded Performance:

- ◆ **Domestic Equity MDP:** The System's domestic equity MDP program underperformed against the total equity policy.
- ◆ **Domestic Environmental Equity:** Domestic environmental equity underperformed the total equity policy for the quarter. The composite has also trailed for all measured periods shown.
- ◆ **International Equity Exposure:** The System's international equity managers underperformed against the total equity policy for the quarter but continue to do well over the five- and ten-year periods.
- ◆ **Internal International Equity Index:** The System's internally managed international equity index underperformed the total equity policy index over the quarter.
- ◆ **International Environmental Program:** The international environmental program trailed the total equity policy index during the 2Q.



Total Equity Review for PERF - U.S. Equity Manager Performance

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10-Year</u>	<u>Date</u>
US Equity Composite²³	35.6	-11.1%	16.7%	-9.5%	-0.4%	-0.8%	12/79
PERS Wilshire 2500 Index		-11.2%	15.7%	-9.3%	-0.4%	-1.1%	
Value Added		0.1%	1.0%	-0.2%	0.0%	0.3%	
Total Internal Equity	30.0	-11.1%	16.8%	-9.1%	-0.1%	-0.6%	6/88
Internal PERS 2500	24.3	-11.1%	15.8%	-9.1%	-0.1%	-0.8%	12/91
PERS Wilshire 2500		-11.2%	15.7%	-9.3%	-0.4%	-1.1%	
Value Added		0.1%	0.1%	0.2%	0.3%	0.3%	
Dynamic Completion Fund (DCF)	1.6	-10.4%	17.7%	-8.4%	0.0%	0.6%	9/98
Custom Benchmark		-10.4%	17.9%	-7.9%	0.4%	0.3%	
Value Added		0.0%	-0.2%	-0.5%	-0.4%	0.3%	
Internal Domestic Fundamental	2.1	-11.4%	23.4%	-10.2%	-.%	-.%	6/06
PERS Wilshire 2500		-11.2%	15.7%	-9.3%	-.%	-.%	
Value Added		-0.2%	7.7%	-0.9%	-.%	-.%	
Synthetic Equity	1.5	-11.8%	20.5%	-.%	-.%	-.%	6/09
S&P 500		-11.4%	14.4%	-.%	-.%	-.%	
Value Added		-0.4%	6.1%	-.%	-.%	-.%	
Internal Fan Long	0.1	-11.5%	-.%	-.%	-.%	-.%	9/09
PERS 2500		-11.2%	-.%	-.%	-.%	-.%	
Value Added		-0.3%	-.%	-.%	-.%	-.%	
Internal Microcap	0.3	-6.6%	33.0%	-7.4%	1.6%	-.%	9/03
Custom Benchmark		-8.1%	27.5%	-9.6%	0.3%	-.%	
Value Added		1.5%	5.5%	2.2%	1.3%	-.%	
Total External Domestic Equity	4.8	-11.8%	14.4%	-11.3%	-1.8%	-1.6%	6/87
Total Active External Mainstream	1.2	-12.1%	15.2%	-12.0%	-2.0%	-2.5%	6/98
Total Domestic External Enhanced	0.8	-11.9%	12.9%	-10.5%	-1.4%	-.%	9/04
Custom Benchmark		-11.5%	14.6%	-10.1%	-0.9%	-.%	
Value Added		-0.4%	-1.7%	-0.4%	-0.5%	-.%	
External Long/Short	1.3	-11.6%	14.0%	-10.3%	-.%	-.%	6/07
Custom Benchmark		-11.5%	14.9%	-9.8%	-.%	-.%	
Value Added		-0.1%	-0.9%	-0.5%	-.%	-.%	
FIS Fund of Funds*	0.3	-10.8%	17.5%	-.%	-.%	-.%	3/08
Custom Benchmark		-11.3%	16.1%	-.%	-.%	-.%	
Value Added		0.5%	1.4%	-.%	-.%	-.%	
Leading Edge Fund of Funds*	0.3	-9.0%	17.5%	-.%	-.%	-.%	3/08
Custom Benchmark		-10.0%	20.1%	-.%	-.%	-.%	
Value Added		1.0%	-2.6%	-.%	-.%	-.%	
Total Domestic Equity MDP	0.6	-12.5%	14.8%	-11.4%	-2.0%	-.%	12/00
Total Domestic Equity MDP II*	0.7	-12.6%	11.9%	-12.0%	-.%	-.%	3/07
Domestic Environmental Equity	0.1	-11.5%	12.3%	-10.3%	-2.2%	-.%	3/05
Custom Benchmark		-11.4%	15.1%	-9.8%	-0.7%	-.%	
Value Added		-0.1%	-2.8%	-0.5%	-1.5%	-.%	
Domestic Equity Active Manager Program²⁴							
Active External Managers + Enh + DCF	4.9	-11.4%	15.0%	-10.5%	-1.3%	-1.5%	6/98
PERS Wilshire 2500		-11.2%	15.7%	-9.3%	-0.4%	-1.1%	
Value Added of Active Mgr Program		-0.2%	-0.7%	-1.2%	-0.9%	-0.4%	

²³ Composites may not add up exactly due to rounding. The US Equity Composite includes LM Capital which is a fixed income manager that has been allocated to the equity segment. And Atlantic, Smith Breeden, and WAMCO which had their assets move internally.

²⁴ This composite combines components listed above to present a comparison of the total domestic equity active manager program versus its benchmark.

* Includes international managers that are part of the composite.



Total Equity Review for PERF - International Equity Manager Performance

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10-Year</u>	<u>Date</u>
Total Intl Equity ex-AIM & ex-Currency overlay²⁵	49.3	-11.9%	12.8%	-10.2%	3.9%	2.3%	
<i>Custom Benchmark²⁶</i>		-12.7%	9.6%	-10.9%	3.3%	1.8%	
<i>Value Added</i>		0.8%	3.2%	0.7%	0.6%	0.5%	
Internal International Equity²⁸	26.7	-13.4%	7.6%	-12.1%	-.-%	-.-%	6/05
<i>Custom Benchmark</i>		-13.4%	7.6%	-12.1%	-.-%	-.-%	
<i>Value Added</i>		0.0%	0.0%	0.0%	-.-%	-.-%	
Developed Market Small Cap	4.3	-10.7%	17.1%	-.-%	-.-%	-.-%	6/08
<i>CalPERS FTSE Developed Index</i>		-10.6%	17.0%	-.-%	-.-%	-.-%	
<i>Value Added</i>		-0.1%	0.1%	-.-%	-.-%	-.-%	
Fundamental Developed Intl	1.9	-14.6%	6.6%	-13.2%	-.-%	-.-%	3/07
<i>CalPERS FTSE Developed Index</i>		-13.4%	7.6%	-12.1%	-.-%	-.-%	
<i>Value Added</i>		-1.2%	-1.0%	-1.1%	-.-%	-.-%	
Internal Int'l Emerging Markets	5.8	-8.3%	24.8%	-.-%	-.-%	-.-%	6/08
<i>CalPERS FTSE All Emerging Ex KLD Ex Sudan</i>		-8.3%	25.5%	-.-%	-.-%	-.-%	
<i>Value Added</i>		0.0%	-0.7%	-.-%	-.-%	-.-%	
Structured Emerging Markets	0.6	-8.2%	25.7%	-0.5%	-.-%	-.-%	6/07
<i>CalPERS FTSE All Emerging (w/o Tobacco)</i>		-8.3%	25.5%	-0.8%	-.-%	-.-%	
<i>Value Added</i>		0.1%	0.2%	0.3%	-.-%	-.-%	
Fundamental Emerging Markets	0.5	-7.3%	28.7%	0.5%	-.-%	-.-%	6/07
<i>CalPERS FTSE All Emerging (w/o Tobacco)</i>		-8.3%	25.5%	-0.8%	-.-%	-.-%	
<i>Value Added</i>		1.0%	3.2%	1.3%	-.-%	-.-%	
Int'l Active Mainstream	4.8	-11.4%	13.2%	-11.8%	2.9%	1.0%	3/89
<i>Custom Benchmark</i>		-12.2%	10.5%	-10.4%	3.7%	2.1%	
<i>Value Added</i>		0.8%	2.7%	-1.4%	-0.8%	-1.1%	
Int'l Emerging Markets	4.1	-8.5%	30.0%	-1.5%	12.8%	-.-%	9/02
<i>CalPERS FTSE All Emerging Index (with Tobacco)</i>		-8.0%	25.1%	-2.4%	12.7%	-.-%	
<i>Value Added</i>		-0.5%	4.9%	0.9%	0.1%	-.-%	
Total Int'l MDP²⁷	0.1	-9.5%	11.2%	-8.8%	3.4%	-.-%	6/00
Environmental International	0.2	-13.8%	10.5%	-12.6%	-.-%	-.-%	3/06
<i>Custom Benchmark</i>		-13.3%	7.6%	-12.0%	-.-%	-.-%	
<i>Value Added</i>		-0.5%	2.9%	-0.6%	-.-%	-.-%	

²⁵ Composite may not add up exactly due to rounding. The Non-US Equity Composite does not include the effect of the currency hedging program. The currency overlay portion rolls into total fund performance and market value.

²⁶ The PERS Custom Index currently represents the FTSE All World ex US Index. This Index is linked historically to its prior benchmarks.

²⁷ Total MDP market value is also included in the International Active Equity + MDP Composite.

²⁸ Includes international equity ex-currency overlay.



RM ARS Program Review for PERF Period Ended 6/30/10

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>5-Year Info Ratio³⁰</u>	<u>5-Year Up Capture Ratio</u>	<u>5-Year Sharpe Ratio³¹</u>	<u>5-Year Sortino Ratio³²</u>
Total RM ARS Program	5.5	-0.8%	9.8%	-1.9%	4.2%	-0.6	0.4	0.2	0.3
Policy Index ²⁹		1.5%	6.0%	8.3%	8.7%				
Value Added		-2.3%	3.8%	-10.2%	-4.5%				
Total Direct Investments	4.0	-0.5%	12.3%	-1.6%	4.7%				
Total Fund of Funds	1.5	-1.5%	2.8%	-1.9%	-.%				
HFRI Fund of Funds Index		-2.6%	6.0%	-3.0%	2.9%				

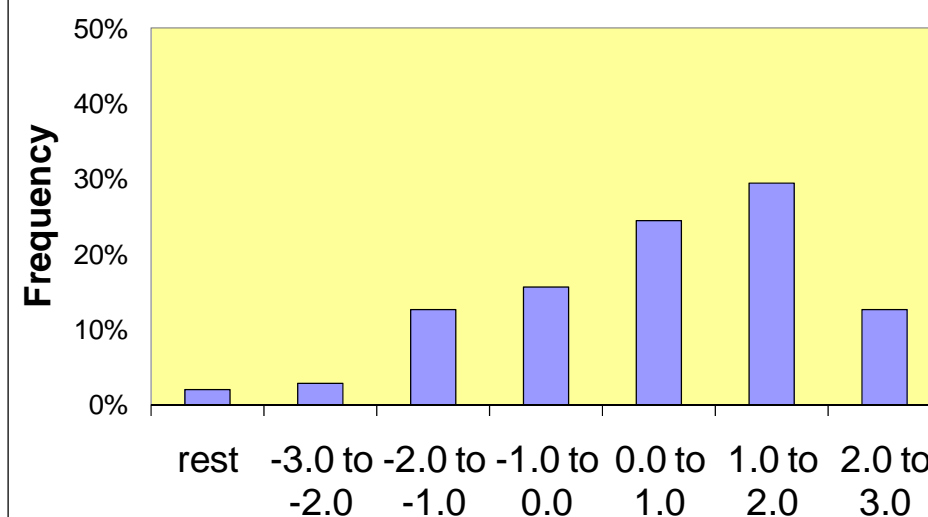
RM ARS Program Characteristics Period Ended 6/30/10

Rolling Correlations vs. Index

<u>Percentage of positive Months</u>	<u>Beta vs. S&P 500</u>	<u>W5000</u>	<u>PERS 2500</u>	<u>Domestic Fixed Index</u>	<u>MSCI AW X US</u>
67%	0.3	0.1	-0.1	0.9	-0.1

RM ARS Program Review for PERF

CalPERS- RM ARS (net) Monthly Histogram April 2001 to June 2010



²⁹ The RM ARS Policy consists of the Merrill Lynch 1-Year Treasury Note + 5% and is linked historically to its prior benchmark.

³⁰ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per risk ventured.

³¹ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

³² The Sortino Ratio is measure of a risk-adjusted return of an investment asset. It is an extension of the Sharpe Ratio. While the Sharpe ratio takes into account any volatility, in return of an asset, Sortino ratio differentiates volatility due to up and down movements. The up movements are considered desirable and not accounted in the volatility.



- ◆ **Beta vs. S&P 500:** This measures the amount of stock market risk in the portfolio. A beta of 1.0 would indicate that the portfolio's performance should closely track the stock market, while a beta higher than 1.0 implies greater-than-market risk and possibly leverage. The portfolio's beta is 0.3 which implies a semi-weak relationship to stock market return, which is appropriate for this program.
- ◆ **Correlation vs. various indices:** We have calculated the historical correlation between the RM ARS and CalPERS' other main asset classes. Over a market cycle, the RM ARS should function independently of the other asset classes and have a low correlation to directional movements in all other asset classes. The RM ARS and the equity markets have generally had very low correlation.
- ◆ **Histogram:** The RM ARS is designed to generate small amounts of return on a consistent basis. This chart shows the frequency of monthly performance results. A significant number of outlying monthly performance returns would indicate insufficient risk controls. We believe that the distribution of monthly returns is as expected.

Corporate Governance Review

Periods Ended 6/30/10

	<u>Market</u> <u>Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Date</u>
Total Corporate Governance	4.2	-9.4%	14.3%	-13.1%	-1.1%	5.8%	12/98
<i>Policy Index</i>		-10.6%	8.1%	-11.8%	-0.1%	0.3%	
<i>Value Added</i>		1.2%	6.2%	-1.3%	-1.0%	5.5%	
Total Domestic Corporate Governance	2.3	-11.3%	18.8%	-10.4%	-1.7%	9.6%	12/98
<i>Policy Index</i>		-9.2%	15.1%	-7.0%	1.0%	-0.6%	
<i>Value Added</i>		-2.1%	3.7%	-3.4%	-2.7%	10.2%	12/98
Total Int'l Corporate Governance	1.9	-7.2%	8.1%	-15.6%	-0.8%	2.0%	12/98
<i>Policy Index</i>		-12.5%	-0.6%	-16.9%	-1.8%	1.2%	
<i>Value Added</i>		5.3%	8.7%	1.3%	1.0%	0.8%	12/98

- ◆ The System's total corporate governance program outperformed relative to its objective. The domestic corporate governance composite trailed its policy index for the quarter. However, the international corporate governance composite produced a significant relative outperformance and was able to more than offset its domestic counterpart.



Total Fixed Income Review for PERF

Periods Ended 6/30/10

Fixed Income Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Fixed Income	24.5%	22.5%	2.0%

Fixed Income Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ³⁶	5-year Sharpe Ratio ³⁷	5-year Info Ratio ³⁸
Total Fixed Income	46.6	4.2%	20.3%	9.5%	6.7%	8.0%	\$2.8 bil	0.6	0.2
Fixed Income Policy Index ³³		5.3%	12.5%	9.0%	6.0%	7.4%		0.5	0.0
Value Added		-1.1%	7.8%	0.5%	0.7%	0.6%			
U.S. Fixed Income	43.5	4.7%	21.7%	9.4%	6.8%	8.1%		0.6	0.2
Policy Index ³⁴		5.8%	13.4%	9.0%	6.0%	7.5%		0.5	0.0
Value Added		-1.1%	8.3%	0.4%	0.8%	0.6%			
Non-U.S. Fixed Income	3.1	-0.3%	7.4%	8.7%	5.6%	6.9%		0.3	0.3
Policy Index ³⁵		-1.0%	2.2%	7.5%	5.0%	6.5%		0.3	0.0
Value Added		0.7%	5.2%	1.2%	0.6%	0.4%			

Comments Regarding Recent Fixed Income Segment Performance

Helped Performance:

- ◆ **Treasury Bonds:** Treasury bonds outperformed versus the total fixed income policy index for the quarter primarily due to renewed risk aversion in the month of May. Treasuries have trailed the total fixed income policy for all other measured periods, though.
- ◆ **Internal Sovereign Bonds:** The System's Sovereign portfolio, which holds non-US government bonds that are U.S. Dollar denominated, performed better than the overall fixed income segment for the quarter, but trailed the total fixed policy.

³³ The Fixed Income Policy Index return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

³⁴ The Domestic Fixed Income Policy Index consists of the Barclays Long Liability Index and is linked historically to its prior benchmark.

³⁵ The Non-US Fixed Income Policy Index consists of the Barclays International Fixed Income and is linked historically to its prior benchmark.

³⁶ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

³⁷ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

⁴⁰ The "Information Ratio" calculates the amount of excess performance earned per unit of excess risk, as measured by tracking error. Higher information ratios imply a greater return per risk ventured.



Impeded Performance:

- ◆ **Mortgage Bonds:** CalPERS' mortgage portfolio underperformed the overall fixed income segment.
- ◆ **Corporate Bonds:** CalPERS' corporate bonds portfolio underperformed the overall fixed income segment for the quarter, as increasing concern of a slowing economic recovery in the U.S. drove investors to seek safer assets.
- ◆ **External High Yield Bonds:** The external high yield bond managers did not perform well during the 2Q, as investors shunned risky assets and drove up high yield spread.
- ◆ **Internal High Yield Bonds:** CalPERS' internal high yield portfolio underperformed the total fixed income policy index for the quarter.
- ◆ **Special Investments:** The special investments underperformed versus the total fixed income policy index over the quarter and have also trailed over the one-year, three-year, and ten-year periods.
- ◆ **International Fixed Income:** The System's external international bond segment underperformed the total fixed income policy for the quarter.



Fixed Income Review for PERF

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	Date
Total Fixed Income	46.6	4.2%	20.3%	9.5%	6.7%	8.0%	6/88
Fixed Income Policy Index ³⁹		5.3%	12.5%	9.0%	6.0%	7.4%	
Value Added		-1.1%	7.8%	0.5%	0.7%	0.6%	
Total Internal Bonds + Opportunistic	42.7	4.7%	22.0%	9.5%	6.8%	8.1%	12/95
Mortgage Bonds	9.4	3.2%	18.6%	8.0%	6.2%	6.8%	12/82
Long Duration	3.3	3.8%	27.4%	10.0%	6.9%	-.%	6/05
Corporate Bonds	12.2	4.1%	21.4%	8.6%	6.0%	-.%	3/02
U.S. Government	5.1	6.3%	8.3%	8.9%	5.6%	7.3%	12/99
Sovereign Bonds ⁴⁰	0.9	4.5%	17.2%	8.2%	5.8%	9.2%	6/96
Duration/SEC Allocation	1.1	3.8%	29.5%	8.7%	-.%	-.%	9/05
Custom Benchmark ⁴¹		5.8%	13.4%	9.0%	6.0%	7.5%	
Opportunistic ⁴²	3.8	1.8%	56.6%	-4.4%	6.3%	7.6%	6/00
Internal High Yield Bonds*	0.9	-1.8%	29.7%	17.5%	17.1%	16.9%	
External High Yield*	1.8	0.0%	20.8%	-3.4%	2.9%	-.%	
Citigroup High Yield Cash Pay		0.1%	25.6%	6.0%	6.7%	7.5%	
Special Investments	0.8	2.9%	10.9%	8.4%	6.7%	7.1%	3/91
External International Fixed Income	3.1	-0.3%	7.4%	8.7%	5.6%	6.9%	3/89
Custom Benchmark ⁴³		-1.0%	2.2%	7.5%	5.0%	6.5%	
Value Added		0.7%	5.2%	1.2%	0.6%	0.4%	
Currency overlay ⁴⁴							
Pareto	0.1	-0.9%	-1.4%	-0.5%	0.3%	-.%	6/02
Custom Benchmark		0.0%	-0.2%	0.0%	0.8%	0.3%	
Value Added		-0.9%	-1.2%	-0.5%	-0.5%	-.%	
SSgA	0.1	-0.6%	-2.0%	-0.3%	0.8%	0.5%	12/96
Custom Benchmark		0.0%	-0.2%	0.0%	0.8%	0.3%	
Value Added		-0.6%	-1.8%	-0.3%	0.0%	0.2%	
Short Term							
High Quality LIBOR*	3.3	0.2%	2.0%	0.7%	2.4%	-.%	9/00
Custom Benchmark		0.1%	0.2%	1.5%	2.8%	-.%	
Value Added		0.1%	1.8%	-0.8%	-0.4%	-.%	
Short Duration LIBOR*	3.6	1.4%	13.0%	1.1%	2.7%	-.%	9/02
Custom Benchmark		0.1%	0.2%	1.5%	2.8%	-.%	
Value Added		1.3%	12.8%	-0.4%	-0.1%	-.%	

³⁹ The Fixed Income Policy Index return equals the benchmark returns for domestic and international fixed income components weighted at policy allocation target percentages.

⁴⁰ The Internal Sovereign Bond market value is also included in the Internal Treasury Bond market value.

⁴¹ The custom benchmark consists of the Barclays Long Liability Index. Prior of 3Q 2004 the benchmark was Citigroup LPF.

⁴² Opportunistic includes internal and external high yield. Internal High Yield's market value is included in both the Total Internal Bonds and the Opportunistic Market Values.

⁴³ The custom benchmark consists of the Barclays International Fixed Income and is linked historically to its prior benchmark.

⁴⁴ The Currency Overlay program is rolled directly into total fund but it is managed by the fixed income managers. The market value is the gain or loss.

* These portfolios and/or composites are unitized and are included across multiple plans.



Total Inflation Linked Performance for PERF

Period Ended 6/30/10

Inflation Linked Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Inflation Linked	2.4%	3.5%	-1.1%

Inflation Linked Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	Date
Inflation Linked	4.9	-1.0%	2.7%	-.%	-.%	-.%	9/07
CPI + 400 BP ***		1.7%	6.1%	-.%	-.%	-.%	
Value Added		-2.7%	-3.4%	-.%	-.%	-.%	
Total Inflation Linked ex-Commodities	4.1	1.0%	4.1%	-.%	-.%	-.%	9/07
CPI + 400 BP ***		1.7%	6.1%	-.%	-.%	-.%	
Value Added		-0.7%	-2.0%	-.%	-.%	-.%	
Commodities Collateral	0.8	0.1%	0.3%	-.%	-.%	-.%	9/07
Blended LIBOR Fed Fund Index		0.1%	0.2%	-.%	-.%	-.%	
Value Added		0.0%	0.1%	-.%	-.%	-.%	
Commodities Overlay**	-3.8	-10.1%	-4.2%	-.%	-.%	-.%	9/07
Goldman Sachs Commodity Excess Return Index		-10.4%	-5.6%	-.%	-.%	-.%	
Value Added		0.3%	1.4%	-.%	-.%	-.%	
Forestland*	2.4	0.1%	1.3%	-.%	-.%	-.%	9/07
CPI + 500 BP ***		1.9%	6.2%	-.%	-.%	-.%	
Value Added		-1.8%	-4.9%	-.%	-.%	-.%	
Inflation Linked Bonds	1.5	1.2%	5.8%	-.%	-.%	-.%	3/08
Barclays Inflation Linked Bonds Index		1.1%	5.6%	-.%	-.%	-.%	
Value Added		0.1%	0.2%	-.%	-.%	-.%	
Infrastructure*	0.3	7.4%	42.6%	-.%	-.%	-.%	9/07
CPI + 500 BP ***		1.9%	6.2%	-.%	-.%	-.%	
Value Added		5.5%	36.4%	-.%	-.%	-.%	

- ◆ CalPERS Inflation Linked asset class underperformed its benchmark, CPI + 400 bps, for the quarter. The ILAC has also lagged over the one-year period.



Total Real Estate Review for PERF Period Ended 6/30/10

Real Estate Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Real Estate	7.5%	10.0%	-2.5%

Real Estate Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁴⁷	5-year Sharpe Ratio ⁴⁸
Total Real Estate ⁴⁵	14.9	-5.1%	-37.1%	-25.6%	-8.6%	2.2%	\$2.3 bil	-0.6
Policy Index ⁴⁶		0.3%	-4.7%	-2.6%	5.3%	7.7%		0.3
TUCS Real Estate Median		0.6%	-7.0%	-11.3%	0.0%	6.4%		
Core Real Estate Ex-Public REITS	5.8	-3.7%	-43.8%	-19.4%	-4.0%	5.0%		
NCREIF Property 1 Qtr Lagged		0.8%	-9.6%	-4.3%	4.2%	7.1%		
Value Added*	0.0	-.%	-.%	-.%	-.%	-.%		
Policy Index		-.%	-.%	-.%	-.%	-.%		
Opportunistic	8.1	-5.6%	-34.6%	-33.1%	-14.6%	-3.0%		
NPI + 400BPS		1.8%	-6.0%	-0.5%	8.3%	11.4%		
Public REITS	1.0	-8.4%	21.0%	-15.4%	-1.3%	-.%		
FTSE EPRA/NAREIT DE Index		-7.9%	25.1%	-13.7%	0.4%	-.%		

- ◆ CalPERS' real estate composite produced a return of -5.1% during the quarter, underperforming its custom index as well as the TUCS Real Estate Median.

⁴⁵ Real estate total returns are net of investment management fees and all expenses, including property level operations expenses netted from property income. This method differs from GASB 31, which requires all investment expenses be identified for inclusion in the System's general purpose financial statements.

⁴⁶ The performance of CalPERS' real estate segment is lagged one quarter. The policy index changed in July 2008. The new benchmark is 90% of NCREIF + 200% and 10% of FTSE NAREIT Global Index.

⁴⁷ VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁴⁸ The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

*The value added composite currently does not hold any investments.



AIM Program Review for PERF Period Ended 6/30/10

AIM Program Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
AIM	14.4%	13.0%	1.4%

AIM Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year	VaR ⁵¹	5-year Sharpe Ratio ⁵²
AIM Program ⁴⁹	28.8	4.3%	30.9%	2.4%	9.5%	4.6%	\$8.9 bil	0.6
Policy Index ⁵⁰		6.8%	56.4%	12.3%	14.7%	4.5%		1.2
Value Added		-2.5%	-25.5%	-9.9%	-5.2%	0.1%		
Lagged PERS 2500 + 3%		6.8%	56.4%	-0.8%	5.6%	2.7%		
Long-Term Policy (10-Year PERS 2500 + 3%)						2.0%		
AIM Partnership Investments	28.7	4.4%	30.9%	2.5%	9.6%	4.1%		
AIM Distribution Stock	0.1	-3.2%	12.2%	5.6%	8.9%	-4.7%		

- ◆ The AIM program trailed its policy index over the quarter, as the program's recorded write-ups and downs occurred slower than in the public markets.

Cash Program Review for PERF

Cash Program Allocation

Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation	Target Asset Allocation	Difference
Cash	1.6%	2.0%	-0.4%

Cash Segment Performance

	Market Value	Qtr	1 Year	3 Year	5 Year	10 Year
Cash Composite	3.2	0.1%	0.3%	2.0%	3.2%	3.1%
Policy Index ⁵³		0.0%	0.3%	1.9%	3.1%	2.8%
Value Added		0.1%	0.0%	0.1%	0.1%	0.3%

⁴⁹The performance of CalPERS' AIM segment is lagged one quarter.

⁵⁰The AIM Policy is the Wilshire 2500 + 3% lagged one quarter and linked previously to the custom young fund.

⁵¹VAR (Value at Risk) measures how much the portfolio might decrease over a 12 month period in extreme cases. The VAR estimate shows how much the portfolio value might fall in the worst 5% of 12 month periods. VAR is calculated using total risk (standard deviation) and market value.

⁵²The Sharpe ratio or reward-to-variability ratio is a measure of the mean excess return per unit of risk in an investment strategy. The Sharpe ratio is used to characterize how well the return of an asset compensates the investor for the risk taken.

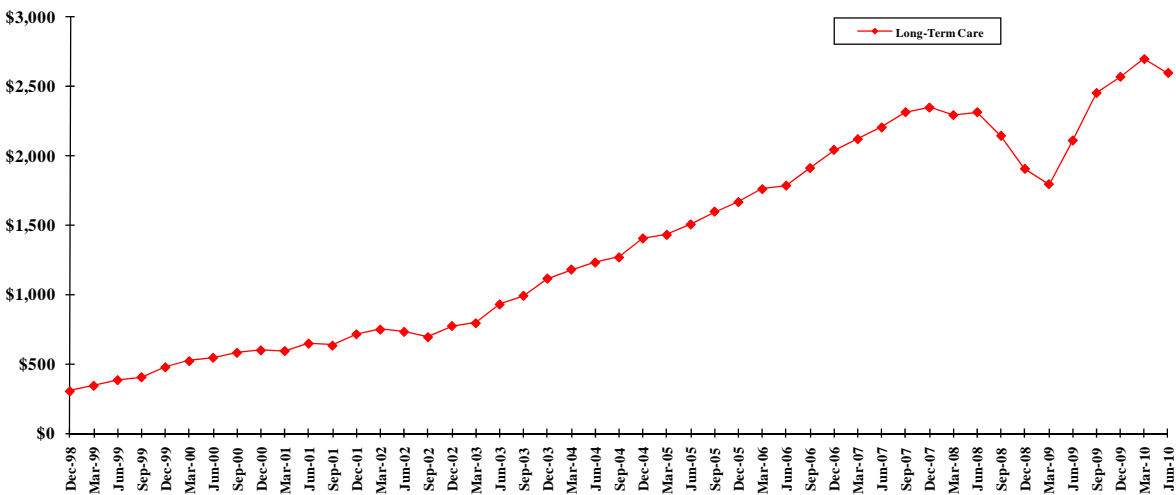
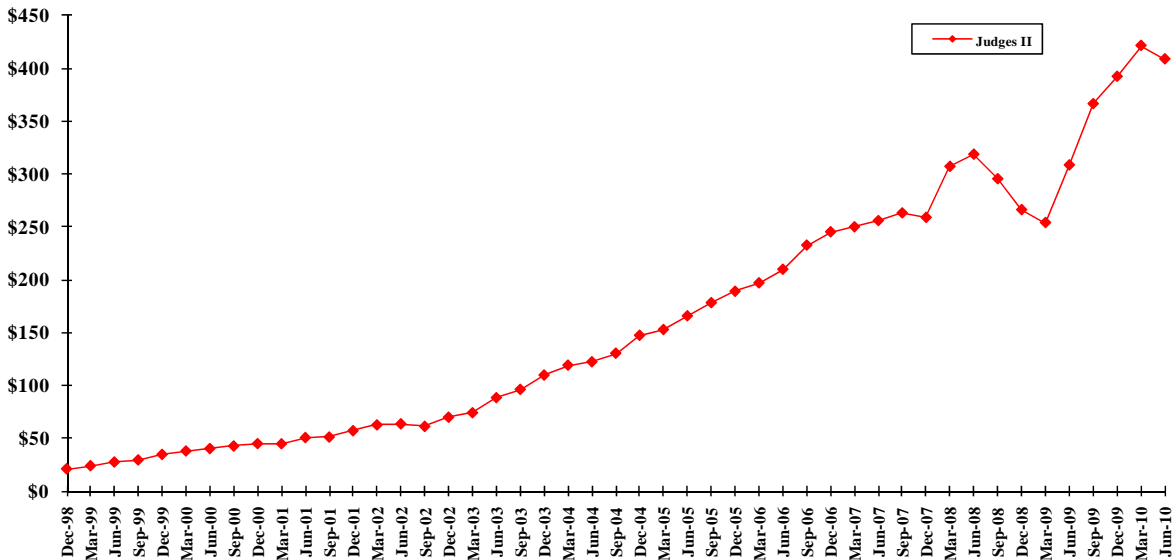
⁵³The Custom STIF Policy Index is a custom index.

Affiliate Fund Information



Affiliate Fund Performance Period Ended June 30, 2010

Growth in Assets (in \$Millions)





Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2010

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
Judges II	\$408.7 mil	-5.8%	16.6%	-3.7%	2.2%	2.6%
<i>Weighted Policy Benchmark</i> ⁵⁴		-5.4	14.7	-3.6	2.5	2.5
Long Term Care ("LTC")	\$2,598.2 mil	-4.8	16.6	-1.8	3.2	2.9
<i>Weighted Policy Benchmark</i> ⁵⁴		-4.4	14.8	-1.8	3.2	2.7
<i>TUCS Public Fund Median</i> ⁵⁵		-5.4	12.7	-3.3	3.0	3.4

Asset Allocation

Judges II Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation (%)	Target Asset Allocation (%)	Difference
US Equities	32.8	34.0	-1.2
Int'l Equity	19.5	20.0	-0.5
US Bonds	38.0	36.0	2.0
Real Estate	9.8	10.0	-0.2
Cash	0.0	0.0	0.0
Total	100.0	100.0	0.0

LTC Asset Allocation: Actual versus Target Weights

Asset Class	Actual Asset Allocation (%)	Target Asset Allocation (%)	Difference
US Equities	27.8	29.0	-1.2
Int'l Equity	18.4	19.0	-0.6
US Bonds	31.5	30.0	1.5
High Yield	10.3	10.0	0.3
TIPS	7.3	7.0	0.3
Real Estate	4.8	5.0	-0.2
Cash	0.0	0.0	0.0
Total	100.0	100.0	0.0

⁵⁴ The weighted policy benchmark returns for Judges II and LTC are based on asset class index returns weighted by asset class policy targets.

⁵⁵ The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolios returns subdivided by client type and asset class.



Commentary

- ◆ For the quarter ended June 30, 2010, the Judges II generated a total return of -5.8% and underperformed its weighted policy benchmark's return of -5.4%. Over longer-term periods, Judges II has outperformed its policy benchmark for the one-year and ten-year marks.
- ◆ The LTC generated a second quarter return of -4.8% and trailed its weighted policy benchmark's return of -4.4%. The LTC's longer term record has outperformed its policy benchmark for the one-year and ten-year periods while matching over the three- and five-year periods.
- ◆ At the end of the quarter, Judges II was underweight in U.S. equity, international equity and real estate while overweight in U.S. bonds.
- ◆ The LTC had an overweight in U.S. bonds, high yield and TIPS while underweight in U.S. equity, international equity and real estate.

U.S. Equity Performance

U.S. Equity Performance Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II U.S. Equity	\$134.1 mil	-11.5%	14.4%	-10.0%	-1.0%	-1.8%
<i>Custom Benchmark</i> ⁵⁶		-11.5	14.4	-10.0	-1.0	-1.7
LTC U.S. Equity	\$722.0	-11.5	14.4	-10.0	-1.0	-1.8
<i>Custom Benchmark</i> ⁵⁶		-11.5	14.4	-10.0	-1.0	-1.8
<i>TUCS Equity Median</i>		-10.6	16.3	-8.3	0.6	2.0

Commentary

- ◆ The Judges II and LTC equity funds, which are invested in the Custom S&P 500 ex-Tobacco Index Fund, generated a return of -11.5% for the quarter and matched their custom benchmark. The funds have continued to track very closely to the S&P 500 ex-Tobacco Index over longer-term periods.

⁵⁶ A custom tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of Judges II and LTC starting with February 2001 performance. Prior of that the benchmark was the S&P 500 Index.



International Equity Performance

International Equity Performance Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II Int'l Equity	\$79.5 mil	-13.4%	7.6%	-12.1%	2.0%	0.8%
<i>Custom Benchmark</i> ⁵⁷		-13.4	7.6	-12.1	1.9	0.7
LTC Int'l Equity	\$477.1	-13.4	7.6	-12.1	1.8	0.8
<i>Custom Benchmark</i> ⁵⁷		-13.4	7.6	-12.1	1.9	0.7

Commentary

- ◆ The Judges II and LTC international equity funds returned -13.4% for the quarter and mirrored their custom benchmark, the FTSE Developed World ex-US & Tobacco Index. Over the long term, the funds continue to track closely to the benchmark while exhibiting positive tracking errors.

⁵⁷ Effective October 1, 2006, the benchmark is FTSE Developed World ex-U.S. & Tobacco Index. Prior of that the benchmark was the MSCI EAFE Index (Net).



Total Fixed Income

Fixed Income Performance Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Judges II Fixed Income	\$155.2 mil	4.5%	19.2%	9.2%	5.4%	7.2%
<i>Custom Benchmark</i> ⁵⁸		5.8	13.4	9.0	6.0	6.7
LTC Fixed Income	\$817.2	4.5	19.2	9.2	5.7	7.3
<i>Custom Benchmark</i> ⁵⁹		5.8	13.4	9.0	5.9	6.7
LTC High Yield	\$266.7	-0.2	28.7	5.3	6.9	-.
<i>Barclays Long Liability High Yield</i>		0.1	25.6	6.0	6.7	-.
LTC TIPS	\$189.2	3.9	9.2	8.0	4.9	-.
<i>Barclays Long Liability TIPS</i>		3.8	9.5	7.6	4.7	-.

Commentary

- ◆ The Judges II and LTC core fixed income portfolios both returned 4.5% for the quarter and lagged behind their benchmark, the Barclays Long Liability Index's return of 5.8%. Over the long term, the core fixed income portfolios have outperformed over the one-, three-, and ten-year periods.
- ◆ LTC's high yield portfolio generated a solid return of -0.2% for the quarter, trailing the Barclays Long Liability High Yield Index, which returned 0.1%. Over the one-year and five-year periods though, the high yield portfolio's track record has outperformed its benchmark.
- ◆ The LTC's TIPS portfolio, managed against the Barclays Long Liability TIPS Index, generated a return of 3.9% and outpaced its benchmark's return of 3.8% for the quarter. Over the three-year and five-year periods, the TIPS portfolio has beaten the Barclays Long Liability TIPS Index.

⁵⁸ The current benchmark is the Barclays Long Liability Index. Prior of July 2005 the benchmark was the Barclays Aggregate Bond Index.

⁵⁹ The current benchmark is the Barclays Long Liability Index. Barclays Long Liability ex TIPS ex High Yield was the benchmark between June 2007 and July 2005. Prior of that the benchmark was the Barclays Aggregate Bond Index.



Total Real Estate

Real Estate Performance Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
Judges II REIT	\$39.9 mil	-7.9%	30.9%	-14.7%	-3.3%
LTC REIT	125.9 mil	-7.9	31.0	-15.3	-3.7
<i>Custom Benchmark</i> ⁶⁰		-7.9	31.1	-15.5	-3.9
<i>Wilshire RESI</i>		-4.4	56.1	-10.5	-0.5
<i>TUCS Real Estate Median</i>		0.6	-7.0	-11.3	0.0

Commentary

- ◆ Judges II and LTC's REIT portfolios produced a third quarter return of -7.9%, matching their custom benchmark, currently the Wilshire REIT Index. While the REIT portfolios' one-year returns slightly trailed their custom benchmark, the portfolios have outperformed over all longer-term periods shown.

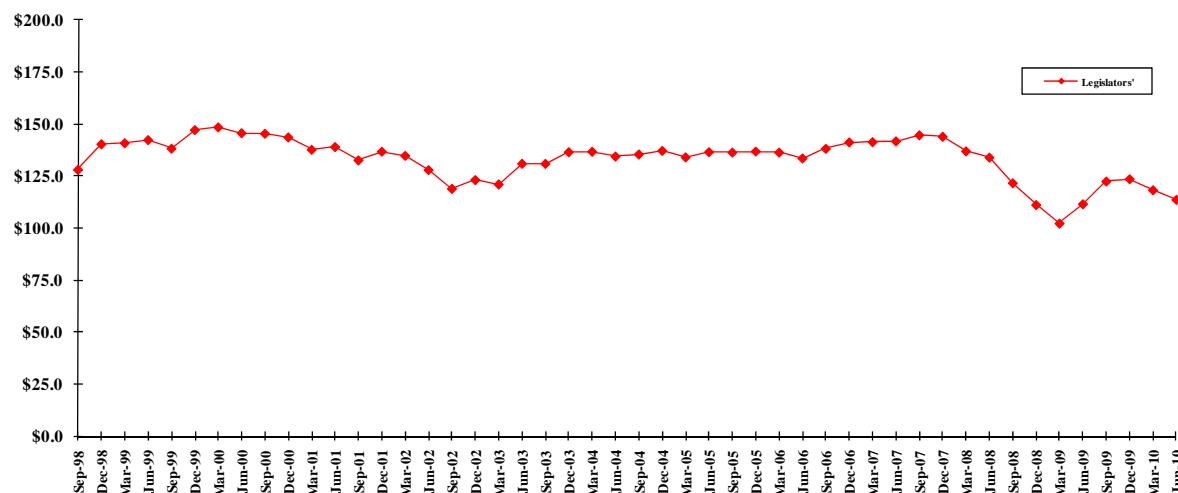
⁶⁰ Current benchmark is the Wilshire RESI Index. Historically, it has been the Wilshire REIT Index.

Legislators' Information



California Legislators' Retirement System

Growth in Assets



Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2010

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LRS	\$113.7 mil	-2.2 %	16.1%	1.4%	3.7%	4.3%
<i>Weighted Policy Benchmark</i> ⁶¹		-1.7	13.1	1.2	3.7	4.4
<i>TUCS Public Fund Median</i> ⁶²		-5.4	12.7	-3.3	3.0	3.4

Asset Allocation

Asset Class	Actual	Policy	Difference
US Equity	28.6%	30.0%	-1.4%
International Equity	9.6	10.0	-0.4
US Bonds	51.5	50.0	+1.5
TIPS	10.3	10.0	+0.3
Cash Equivalents	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	100.0	100.0	0.0

⁶¹ The weighted policy benchmark returns are calculated based on asset class index returns weighted by asset class policy targets.

⁶² The Trust Universe Comparison Service (TUCS) is a universe of over 1,000 client portfolio returns subdivided by client type and asset class.



Commentary

- ◆ The California Legislators' Retirement System ("LRS, the System") generated a return of -2.2% for the second quarter of 2010 and lagged its weighted policy benchmark's return of -1.7%. The System's track record compared favorably to its policy benchmark over the one- and three-year marks, and continued to do well over the long-term. Relative to the TUCS Public Fund Median, the LRS' portfolio outperformed for the quarter and has done so over all longer periods.
- ◆ As of June 30, the System was overweight in fixed income and TIPS while underweight in U.S equity and international equity.

LRS Internal U.S. Equity Assets

LRS Internal U.S. Equity Performance Periods Ended June 30, 2010

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LRS U.S. Equity	\$32.5 mil	-11.5%	14.4%	-10.0%	-1.0%	-1.7%
<i>Custom S&P 500 Index</i> ⁶³		-11.5	14.4	-10.0	-1.0	-1.8
<i>TUCS Equity Median</i>		-10.6	16.3	-8.3	0.6	2.0

Commentary

- ◆ The System's U.S. equity portfolio generated a return of -11.5% during the second quarter, matching its custom benchmark, the S&P 500 ex-Tobacco Index. Over the one-year and longer periods, the portfolio continues to track very closely to its custom benchmark.

International Equity Performance

Total International Equity Performance Periods Ended June 30, 2010

	Market Value	Qtr	One Year	Three Year	Five Year	Ten Year
LRS International	\$10.9 mil	-13.4%	7.6%	-12.1%	1.9%	0.9%
<i>Custom Benchmark</i> ⁶⁴		-13.4	7.6	-12.1	1.9	0.7

⁶³ A custom tobacco-free S&P 500 is used as the benchmark for the U.S. equity segment of LRS starting with the February 2001 performance. Prior of that the benchmark was the S&P 500 Index.

⁶⁴ Effective October 1, 2006, the benchmark is the FTSE Developed World ex-U.S. & Tobacco Index. Prior of that the benchmark was the MSCI EAFE Index (Net).



Commentary

- ◆ The System's international equity portfolio returned -13.4% for the quarter and mirrored its custom benchmark, the FTSE Developed World ex-U.S. & Tobacco Index. The international equity portfolio's longer-term track record also matched its custom benchmark over the one-, three-, and five-year period, and outperformed over the ten-year mark.

Total Fixed Income

Total Fixed Income Performance Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
LRS Fixed Income	\$58.5 mil	4.5%	19.2%	9.2%	5.6%	7.2%
<i>Custom Benchmark</i> ⁶⁵		5.8	13.4	9.0	6.0	7.6
LRS TIPS	\$11.8 mil	3.9	9.2	8.0	4.4	-.-
<i>Custom Benchmark</i> ⁶⁶		3.8	9.5	7.6	4.7	-.-

Commentary

- ◆ The LRS fixed income portfolio produced a return of 4.5% for the quarter and underperformed its custom benchmark, the Barclays Long Liability Index. The fixed income portfolio's one-year and three-year performance has beaten its custom benchmark, though it continued to trail over the longer-term periods.
- ◆ The System's TIPS portfolio generated a return of 3.9% for the quarter, beating its custom benchmark, the Barclays U.S. TIPS Index, which returned 3.8%. The TIPS portfolio has underperformed over the one year and five year periods.

⁶⁵ The current benchmark is the Barclays Long Liability Index. Lehman Long Liability ex TIPS was used as the benchmark between June 2005 and May 2007. Prior of that the benchmark was Citigroup LPF.

⁶⁶ The current benchmark is the Barclays U.S. TIPS Index. Prior of July 2007 the benchmark was the Barclays Long Liability TIPS Index.

California Employers' Retiree Benefit Trust



California Employers' Retiree Benefit Trust

Asset Allocation

Asset Class	Actual	Policy	Difference
US Equity	33.2%	35.0%	-1.8%
International Equity	27.7	29.0	-1.3
US Bonds	20.8	20.0	+0.8
High Yield	6.1	6.0	+0.1
REITS	9.6	10.0	-0.4
Cash Equivalents	<u>2.6</u>	<u>0.0</u>	<u>+2.6</u>
	100.0	100.0	0.0

Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Total Fund	\$1,247.4 mil	-7.9%	15.9%	-5.3%	-.%	-.%
<i>Benchmark</i>		-7.7	14.8	-5.9%	-.%	-.%
Domestic Equity	414.3 mil	-11.5	14.4	-10.2	-.%	-.%
<i>Benchmark</i>		-11.5	14.4	-10.0	-.%	-.%
International Equity	346.1 mil	-13.4	7.6	-11.9	-.%	-.%
<i>Benchmark</i>		-13.4	7.6	-12.1	-.%	-.%
REITS	119.7 mil	-7.9	30.5	-14.2	-.%	-.%
<i>Benchmark</i>		-7.9	30.9	-15.6	-.%	-.%
Fixed Income	259.2 mil	4.5	19.2	9.2	-.%	-.%
<i>Benchmark</i>		5.8	13.4	9.0	-.%	-.%
High Yield	76.1 mil	-0.2	28.7	-.%	-.%	-.%
<i>Benchmark</i>		0.1	25.6	-.%	-.%	-.%
Cash	32.0 mil	0.1	0.3	1.9	-.%	-.%



Health Care Bond Fund

Total Fund Performance Results

Total Fund Performance Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Health Care Bond Fund	\$432.8 mil	2.5%	11.8%	7.1%	-.-%	-.-%
<i>Benchmark</i>		3.5	9.5	7.6	-.-	-.-

Supplemental Income Plans



Supplemental Income Plan Performance

Net Fund Performance Results – Supplemental Contribution Plan

Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
CalPERS International Index	\$188.6 thous	-13.4	7.5	--	--
<i>FTSE Dev. World Index Ex-US</i>		-13.3	7.8	--	--
CalPERS Small/Mid Equity Index	186.5 thous	-10.0	24.0	--	--
<i>Russell 2500</i>		-10.0	24.0	--	--
CalPERS Target 2010	304.4 thous	-5.0	10.2	--	--
<i>SIP 2010 Index</i>		-4.2	12.1	--	--
CalPERS Target 2015	3.2 thous	-6.2	11.0	--	--
<i>SIP 2015 Index</i>		-5.4	12.4	--	--
CalPERS Target 2020	56.8 thous	-7.4	11.8	--	--
<i>SIP 2020 Index</i>		-6.8	12.9	--	--
CalPERS Target 2030	0.3 thous	-9.8	12.9	--	--
<i>SIP 2030 Index</i>		-9.5	13.6	--	--
CalPERS Target 2040	4.4 thous	-10.8	13.2	--	--
<i>SIP 2040 Index</i>		-10.5	13.9	--	--
CalPERS Target Income	113.5 thous	-2.6	8.8	--	--
<i>SIP Income Policy</i>		-1.5	10.7	--	--
CalPERS TIPS Securities	485.7 thous	3.8	9.1	--	--
<i>Barclays U.S. TIP Index</i>		3.8	9.5	--	--
CalPERS Total Return Bond Fund	104.4 thous	2.5	11.4	--	--
<i>Barclays Aggregate Bond Index</i>		3.5	9.5	--	--
CalPERS Aggressive Asset Allocation	85.1 thous	-10.8	13.3	--	--
<i>SIP Aggressive Policy</i>		-10.5	13.9	--	--
CalPERS S&P 500 Equity Index	479.4 thous	-11.4	14.4	--	--
<i>S&P 500 Index</i>		-11.4	14.4	--	--
CalPERS Moderate Asset Allocation Fund	14.6 mil	-7.2	11.1	--	--
<i>SIP Moderate Policy</i>		-6.6	12.3	--	--



	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>
CalPERS Conservative Asset Allocation	55.3 thous	-2.6	8.8	--	--
<i>SIP Conservative Policy</i>		-1.5	10.7	--	--
AllianceBernstein Large Cap Value	38.1 thous	-14.2	14.0	--	--
<i>Russell 1000 Value</i>		-11.2	16.9	--	--
Stable Fixed Income	1,1 mil	0.7	3.0	--	--
<i>Barclays Government 1-3 Year index</i>		1.2	2.9	--	--
Pyramis Select International	18.6 thous	-12.5	6.0	--	--
<i>CalPERS FTSE Dev World x-US</i>		-13.3	6.8	--	--
Turner Large Cap Growth	35.4 thous	-12.8	11.2	--	--
<i>Russell 1000 Growth</i>		-11.8	13.6	--	--
SCP Aggregate	17.9 mil	-6.8	10.8	--	--
<i>CalPERS Custom SCP Plan</i>		-6.3	11.9	--	--

Net Fund Performance Results – State Peace Officers' & Firefighters' (POFF) Defined Contribution Plan

Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
State Peace Officers' & Firefighters Plan (POFF)	\$395.8 mil	-7.3%	11.1%	-4.8%	1.0%	1.1%
<i>SIP Moderate Policy</i>		-6.6	12.3	-3.8	1.9	2.2



CalPERS 457 Program Net Funds Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Stable Fixed Income	\$203.9 mil	0.7	2.7	3.2	3.6	4.1
<i>Barclays Government 1-3</i>		1.2	2.9	4.9	4.4	4.5
CalPERS S&P 500 Equity Index	110.7 mil	-11.5	14.1	-9.9	-1.0	-1.8
<i>S&P 500 Index</i>		-11.4	14.4	-9.8	-0.8	-1.6
AllianceBernstein Large Cap Value	3.4 mil	-14.2	13.9	-12.2	--	--
<i>Russell 1000 Value</i>		-11.2	16.9	-12.3	--	--
Turner Large Cap Growth	32.3 mil	-12.8	11.1	-10.3	--	--
<i>Russell 1000 Growth</i>		-11.8	13.6	-6.9	--	--
CalPERS Small/Mid Equity Index	84.9 mil	-10.1	23.6	-8.3	--	--
<i>Russell 2500 Index</i>		-10.0	24.0	-8.0	--	--
CalPERS Total Return Bond Fund	43.8 mil	2.4	11.2	6.5	--	--
<i>Barclays Aggregate</i>		3.5	9.5	7.6	--	--
CalPERS TIPS Securities	19.2 mil	3.7	8.9	7.4	--	--
<i>Barclays U.S. TIPS Index</i>		3.8	9.5	7.6	--	--
CalPERS International Index	10.1 mil	-13.5	7.2	-12.4	--	--
<i>FTSE Dev. World Index Ex-US</i>		-13.3	7.8	-11.8	--	--
Boston Company SMID Growth	1.4 mil	-9.9	17.1	--	--	--
<i>Russell 2500 Growth Index</i>		-9.8	21.4	--	--	--
Boston Company SMID Value	1.1 mil	-10.0	21.3	--	--	--
<i>Russell 2500 Value Index</i>		-10.2	26.5	--	--	--
Pyramis Select International	25.7 mil	-12.4	6.0	--	--	--
<i>CalPERS FTSE Dev World x-US</i>		-13.3	6.8	--	--	--
CalPERS Conservative Asset Allocation	25.4 mil	-2.7	8.7	--	--	--
<i>SIP Conservative Index</i>		-1.5	10.7	--	--	--
CalPERS Moderate Asset Allocation Fund	87.4 mil	-7.3	11.1	--	--	--
<i>SIP Moderate Policy</i>		-6.6	12.3	--	--	--
CalPERS Target Income Fund	3.6 mil	-2.6	8.7	--	--	--
<i>SIP Income Policy</i>		-1.5	10.7	--	--	--



	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
CalPERS Aggressive Asset Allocation	\$38.2 mil	-10.8	13.2	-.	-.	-.
<i>SIP Aggressive Policy</i>		-10.5	13.9	-.	-.	-.
CalPERS Target 2005 Fund	\$0.4 mil	-4.3	9.3	-.	-.	-.
<i>SIP 2005 Policy</i>		-3.3	11.8	-.	-.	-.
CalPERS Target 2010 Fund	\$8.6 mil	-5.0	10.1	-.	-.	-.
<i>SIP 2010 Policy</i>		-4.2	12.1	-.	-.	-.
CalPERS Target 2015 Fund	\$6.3 mil	-6.2	10.9	-.	-.	-.
<i>SIP 2015 Policy</i>		-5.4	12.4	-.	-.	-.
CalPERS Target 2020 Fund	\$13.4 mil	-7.4	11.7	-.	-.	-.
<i>SIP 2020 Policy</i>		-6.8	12.9	-.	-.	-.
CalPERS Target 2025 Fund	\$2.7 mil	-8.8	12.0	-.	-.	-.
<i>SIP 2025 Policy</i>		-8.4	12.9	-.	-.	-.
CalPERS Target 2030 Fund	\$8.2 mil	-9.9	12.7	-.	-.	-.
<i>SIP 2030 Policy</i>		-9.5	13.6	-.	-.	-.
CalPERS Target 2035 Fund	\$1.0 mil	-10.7	12.9	-.	-.	-.
<i>SIP 2035 Policy</i>		-10.4	14.0	-.	-.	-.
CalPERS Target 2040 Fund	\$4.4 mil	-10.8	13.1	-.	-.	-.
<i>SIP 2040 Policy</i>		-10.5	13.9	-.	-.	-.
CalPERS Target 2045 Fund	\$0.3 mil	-10.7	13.0	-.	-.	-.
<i>SIP 2045 Policy</i>		-10.5	13.9	-.	-.	-.
CalPERS Target 2050 Fund	\$0.3 mil	-10.8	13.0	-.	-.	-.
<i>SIP 2050 Policy</i>		-10.5	13.9	-.	-.	-.
457 Aggregate	\$736.8 mil	-6.2	10.1	-4.1	1.6	-.
<i>CalPERS Custom 457 Plan Index</i>		-5.8	10.7	-3.6	2.0	-.



CalPERS 457 Net Custom Funds for the City of Anaheim

Periods Ended June 30, 2010

	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
Stable Fixed Income Fund	11.0 mil	0.7%	3.0%	3.4%	3.8%	4.3%
<i>Barclays Government 1-3</i>		1.2	2.9	4.9	4.4	4.5
CalPERS Conservative Asset Allocation	0.2 mil	-2.6	8.9	-.	-.	-.
<i>SIP Conservative Policy</i>		-1.5	10.7	-.	-.	-.
CalPERS Moderate Asset Allocation	0.2 mil	-7.2	11.3	-.	-.	-.
<i>SIP Moderate Policy</i>		-6.6	12.3	-.	-.	-.
CalPERS Aggressive Asset Allocation	0.1 mil	-10.7	13.5	-.	-.	-.
<i>SIP Aggressive Policy</i>		-10.5	13.9	-.	-.	-.
CalPERS S&P 500 Equity Index	5.4 mil	-11.4	14.4	-9.7	-0.7	-1.6
<i>S&P 500</i>		-11.4	14.4	-9.8	-0.8	-1.6
CalPERS Small/Mid Equity Index	2.8 mil	-10.0	23.9	-.	-.	-.
<i>Russell 2500</i>		-10.0	24.0	-.	-.	-.
CalPERS Total Return Bond Fund	1.5 mil	2.4	11.2	-.	-.	-.
<i>Barclays Aggregate Bond index</i>		3.5	9.5	-.	-.	-.
CalPERS TIPS Securities	0.4 mil	3.7	8.9	-.	-.	-.
<i>Barclays U.S. TIPS Index</i>		3.8	9.5	-.	-.	-.
CalPERS Target Income	1.9 mil	-2.6	9.0	-.	-.	-.
<i>SIP Income Policy</i>		-1.5	10.7	-.	-.	-.
CalPERS Target 2005	0.0mil	-4.2	-.	-.	-.	-.
<i>SIP 2005 Policy</i>		-3.3	-.	-.	-.	-.
CalPERS Target 2010	2.3 mil	-5.0	10.4	-.	-.	-.
<i>SIP 2010 Policy</i>		-4.2	12.1	-.	-.	-.
CalPERS Target 2015	0.1 mil	-6.1	11.2	-.	-.	-.
<i>SIP 2015 Policy</i>		-5.4	12.4	-.	-.	-.
CalPERS Target 2020	1.9 mil	-7.3	11.9	-.	-.	-.
<i>SIP 2020 Policy</i>		-6.8	12.9	-.	-.	-.
CalPERS Target 2025	0.1 mil	-8.8	12.3	-.	-.	-.
<i>SIP 2025 Policy</i>		-8.4	12.9	-.	-.	-.
CalPERS Target 2030	1.0 mil	-9.8	13.0	-.	-.	-.
<i>SIP 2030 Policy</i>		-9.5	13.6	-.	-.	-.
CalPERS Target 2035	0.0 mil	-10.6	13.1	-.	-.	-.
<i>SIP 2035 Policy</i>		-10.4	14.0	-.	-.	-.
CalPERS Target 2040	0.3 mil	-10.7	13.4	-.	-.	-.
<i>SIP 2040 Policy</i>		-10.5	13.9	-.	-.	-.
CalPERS Target 2045	0.0 mil	-10.7	13.2	-.	-.	-.
<i>SIP 2045 Policy</i>		-10.5	13.9	-.	-.	-.



	<u>Market Value</u>	<u>Qtr</u>	<u>One Year</u>	<u>Three Year</u>	<u>Five Year</u>	<u>Ten Year</u>
CalPERS Target 2050	0.0 mil	-10.7	-.	-.	-.	-.
<i>SIP 2050 Policy</i>		-10.5	-.	-.	-.	-.
AllianceBernstein Large Cap Value	0.2 mil	-14.2	14.0	-.	-.	-.
<i>Russell 1000 Value</i>		-11.2	16.9	-.	-.	-.
Turner Large Cap Growth	2.3 mil	-12.8	11.2	-.	-.	-.
<i>Russell 1000 Growth</i>		-11.8	13.6	-.	-.	-.
SSgA Bond Market Index	0.7 mil	3.5	9.5	7.7	-.	-.
<i>Barclays Aggregate Index</i>		3.5	9.5	7.6	-.	-.
Boston Company SMID Growth	2.9 mil	-9.9	17.0	-.	-.	-.
<i>Russell 2500 Growth</i>		-9.8	21.4	-.	-.	-.
Boston Company SMID Value	0.3 mil	-10.0	21.3	-.	-.	-.
<i>Russell 2500 Value</i>		-10.2	26.5	-.	-.	-.
Pyramis Select International	1.1 mil	-12.5	6.0	-.	-.	-.
<i>CalPERS FTSE Dev World x-US</i>		-13.3	6.8	-.	-.	-.
CalPERS International Index	0.5 mil	-13.5	7.2	-.	-.	-.
<i>FTSE Dev. World Index Ex-US</i>		-13.3	7.8	-.	-.	-.
Anaheim Aggregate	37.3 mil	-5.9	9.5	-4.0	-.	-.
<i>CalPERS Custom Anaheim Policy</i>		-5.5	10.3	-2.8	-.	-.

APPENDIX for PERF



External Manager Performance Review Domestic Equity – Core

Active External Mainstream Mgrs	Market Value 1.2	Qtr -12.2%	1 Year 15.2%	3 Year -12.0%	5 Year -2.0%	Incept. 1.3%	Date 6/98
Domestic External Core							
Piedmont Large Cap Core (MDP II)	0.2	-11.8%	12.2%	-10.7%	-.-%	-8.2%	3/07
<i>Custom Benchmark</i>		-11.5%	14.4%	-10.0%	-.-%	-7.5%	
<i>Value Added</i>		-0.3%	-2.2%	-0.7%	-.-%	-0.7%	
<i>Performance Objective</i>		-11.3%	15.4%	-9.0%	-.-%	-6.5%	
<i>Value Added</i>		-0.5%	-3.2%	-1.7%	-.-%	-1.7%	
Piedmont Strategic Core (MDP II)	0.1	-12.3%	14.5%	-.-%	-.-%	14.5%	06/09
<i>Custom Benchmark</i>		-11.5%	14.4%	-.-%	-.-%	14.4%	
<i>Value Added</i>		-0.8%	0.1%	-.-%	-.-%	0.1%	
<i>Performance Objective</i>		-11.3%	15.4%	-.-%	-.-%	15.4%	
<i>Value Added</i>		-1.1%	-0.9%	-.-%	-.-%	-0.9%	

Domestic Equity – Long/Short

External Long/Short	Market Value 1.3	Qtr 11.6%	1 Year 14.0%	3 Year -10.3%	5 Year -.-%	Incept. -10.3%	Date 6/07
First Quadrant Long/Short	0.4	-11.1%	16.7%	-.-%	-.-%	-7.9%	3/08
<i>Benchmark</i>		-11.5%	15.2%	-.-%	-.-%	-8.2%	
<i>Value Added</i>		0.4%	1.5%	-.-%	-.-%	0.3%	
<i>Performance Objective</i>		-11.0%	17.2%	-.-%	-.-%	-6.2%	
<i>Value Added</i>		-0.1%	-0.5%	-.-%	-.-%	-1.7%	
JP Morgan Long/Short	0.6	-12.0%	16.7%	-.-%	-.-%	-3.4%	3/08
<i>Benchmark</i>		-11.5%	14.4%	-.-%	-.-%	-8.6%	
<i>Value Added</i>		-0.5%	2.3%	-.-%	-.-%	5.2%	
<i>Performance Objective</i>		-10.8%	17.4%	-.-%	-.-%	-5.6%	
<i>Value Added</i>		-1.3%	-0.7%	-.-%	-.-%	2.2%	
Quantitive Long/Short	0.4	-11.5%	11.9%	-10.1%	-.-%	-10.1%	6/07
<i>Russell 1000 Ex-Tobacco, Ex-REIT</i>		-11.5%	15.2%	-9.7%	-.-%	-9.7%	
<i>Value Added</i>		0.0%	-3.3%	-0.4%	-.-%	-0.4%	
<i>Performance Objective</i>		-10.9%	17.7%	-7.2%	-.-%	-7.2%	
<i>Value Added</i>		-0.6%	-5.8%	-2.9%	-.-%	-2.9%	



External Manager Performance Review (continued)

Domestic Equity – Growth

Active External Mainstream Mgrs	Market Value 1.2	Qtr -12.2%	1 Year 15.2%	3 Year -12.0%	5 Year -2.0%	Incept. 1.3%	Date 6/98
Domestic External Growth							
Marvin & Palmer Large Cap Growth	0.2	-11.4%	11.9%	-10.6%	-.%	-7.9%	12/06
<i>Custom Benchmark</i>		-11.8%	13.6%	-7.1%	-.%	-4.0%	
<i>Value Added</i>		0.4%	-1.7%	-3.5%	-.%	-3.9%	
<i>Performance Objective</i>		-11.4%	15.1%	-5.6%	-.%	-2.5%	
<i>Value Added</i>		0.0%	-3.2%	-5.0%	-.%	-5.4%	
Redwood Large Growth (MDP II)	0.2	-12.9%	14.0%	-.%	-.%	-10.8%	3/08
<i>Custom Benchmark</i>		-11.8%	13.6%	-.%	-.%	-6.2%	
<i>Value Added</i>		-1.1%	0.4%	-.%	-.%	-4.6%	
<i>Performance Objective</i>		-11.6%	14.6%	-.%	-.%	-5.2%	
<i>Value Added</i>		-1.4%	-0.6%	-.%	-.%	-5.6%	
Stux (MDP)	0.4	-12.4%	14.9%	-9.6%	-0.5%	0.9%	3/04
<i>Custom Benchmark</i>		-11.5%	15.2%	-9.7%	-0.6%	1.0%	
<i>Value Added</i>		-0.9%	-0.3%	0.1%	0.1%	-0.1%	
<i>Performance Objective</i>		-11.1%	16.7%	-8.2%	0.9%	2.5%	
<i>Value Added</i>		-1.3%	-1.8%	-1.4%	-1.4%	-1.6%	
Turner Large Cap Growth	0.3	-11.1%	14.7%	-9.4%	-.%	-5.4%	12/06
<i>Custom Benchmark</i>		-11.8%	13.6%	-7.1%	-.%	-4.0%	
<i>Value Added</i>		0.7%	1.1%	-2.3%	-.%	-1.4%	
<i>Performance Objective</i>		-11.4%	15.1%	-5.6%	-.%	-2.5%	
<i>Value Added</i>		0.3%	-0.4%	-3.8%	-.%	-2.9%	



External Manager Performance Review (continued) Domestic Equity – Value

Active External Mainstream Mgrs	Market Value 1.2	Qtr -12.2%	1 Year 15.2%	3 Year -12.0%	5 Year -2.0%	Incept. 1.3%	Date 6/98
Domestic External Value							
Denali Advisors (MDP)	0.1	-13.6%	15.1%	-12.8%	-2.1%	1.1%	6/01
<i>Custom Benchmark</i>		-11.2%	16.8%	-12.1%	-1.2%	1.7%	
<i>Value Added</i>		-2.4%	-1.7%	-0.7%	-0.9%	-0.6%	
<i>Performance Objective</i>		-10.7%	18.8%	-10.1%	0.8%	3.7%	
<i>Value Added</i>		-2.9%	-3.7%	-2.7%	-2.9%	-2.6%	
Pzena	0.3	-13.0%	22.1%	-14.3%	-3.2%	6.9%	9/00
<i>Custom Benchmark</i>		-11.2%	16.8%	-12.5%	-1.9%	4.2%	
<i>Value Added</i>		-1.8%	5.3%	-1.8%	-1.3%	2.7%	
<i>Performance Objective</i>		-10.9%	18.1%	-11.2%	-0.6%	5.5%	
<i>Value Added</i>		-2.1%	4.0%	-3.1%	-2.6%	1.4%	
Shenandoah (MDP)	0.1	-11.4%	21.0%	-8.6%	0.4%	4.7%	3/01
<i>Custom Benchmark</i>		-9.9%	25.2%	-8.3%	0.8%	5.4%	
<i>Value Added</i>		-1.5%	-4.2%	-0.3%	-0.4%	-0.7%	
<i>Performance Objective</i>		-9.4%	27.2%	-6.3%	2.8%	7.4%	
<i>Value Added</i>		-2.0%	-6.2%	-2.3%	-2.4%	-2.7%	



External Manager Performance Review (continued)

Domestic Equity – Enhanced

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Total Domestic Ext. Enhanced	0.8	-11.9%	12.9%	-10.5%	-1.4%	0.4%	9/04
Golden Capital	0.3	-11.5%	12.1%	-9.4%	-.-%	-6.8%	3/07
<i>Custom Benchmark</i>		-11.5%	14.4%	-10.0%	-.-%	-7.5%	
<i>Value Added</i>		0.0%	-2.3%	0.6%	-.-%	0.7%	
<i>Performance Objective</i>		-11.3%	15.4%	-9.0%	-.-%	-6.5%	
<i>Value Added</i>		-0.3%	-3.3%	-0.4%	-.-%	-0.3%	
T. Rowe Price	0.5	-12.1%	13.1%	-8.9%	-.-%	-2.4%	3/06
<i>Custom Benchmark</i>		-11.5%	14.4%	-10.0%	-.-%	-3.4%	
<i>Value Added</i>		-0.6%	-1.3%	1.1%	-.-%	1.0%	
<i>Performance Objective</i>		-11.2%	15.6%	-8.8%	-.-%	-2.2%	
<i>Value Added</i>		-0.9%	-2.5%	-0.1%	-.-%	-0.2%	



External Manager Performance Review (continued)

Domestic Equity – MDP ⁶⁷

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Total Domestic MDP	0.6	-12.5%	14.8%	-11.4%	-2.0%	-0.1%	12/00
Total Domestic MDP II	0.7	-12.6%	11.9%	-12.0%	-.%	-9.4%	3/07
Denali Advisors (MDP)	0.1	-13.6%	15.1%	-12.8%	-2.1%	1.1%	6/01
<i>Custom Benchmark</i>		-11.2%	16.8%	-12.1%	-1.2%	1.7%	
<i>Value Added</i>		-2.4%	-1.7%	-0.7%	-0.9%	-0.6%	
<i>Performance Objective</i>		-10.7%	18.8%	-10.1%	0.8%	3.7%	
<i>Value Added</i>		-2.9%	-3.7%	-2.7%	-2.9%	-2.6%	
Piedmont Large Cap Core (MDP II)	0.2	-11.8%	12.2%	-10.7%	-.%	-8.2%	3/07
<i>Custom Benchmark</i>		-11.5%	14.4%	-10.0%	-.%	-7.5%	
<i>Value Added</i>		-0.3%	-2.2%	-0.7%	-.%	-0.7%	
<i>Performance Objective</i>		-11.3%	15.4%	-9.0%	-.%	-6.5%	
<i>Value Added</i>		-0.5%	-3.2%	-1.7%	-.%	-1.7%	
Piedmont Strategic Core (MDP II)	0.1	-12.3%	14.5%	-.%	-.%	14.5%	06/09
<i>Custom Benchmark</i>		-11.5%	14.4%	-.%	-.%	14.4%	
<i>Value Added</i>		-0.8%	0.1%	-.%	-.%	0.1%	
<i>Performance Objective</i>		-11.3%	15.4%	-.%	-.%	15.4%	
<i>Value Added</i>		-1.1%	-0.9%	-.%	-.%	-0.9%	
Quotient Small Core (MDP II)	0.0	-9.5%	16.9%	-.%	-.%	-10.7%	3/08
<i>Custom Benchmark</i>		-9.9%	21.5%	-.%	-.%	-3.8%	
<i>Value Added</i>		0.4%	-4.6%	-.%	-.%	-6.9%	
Quotient Large Core (MDP II)	0.1	-10.4%	18.2%	-.%	-.%	-7.8%	3/08
<i>Custom Benchmark</i>		-11.5%	15.2%	-.%	-.%	-8.2%	
<i>Value Added</i>		1.1%	3.0%	-.%	-.%	0.4%	

⁶⁷ The MDP managers are listed by style elsewhere in this appendix.



External Manager Performance Review (continued) Domestic Equity – MDP ⁶⁷

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Total Domestic MDP	0.6	-12.5%	14.8%	-11.4%	-2.0%	-0.1%	12/00
Total Domestic MDP II	0.7	-12.6%	11.9%	-12.0%	-.-%	-9.4%	3/07
Redwood Large Growth (MDP II)	0.2	-12.9%	14.0%	-.-%	-.-%	-10.8%	3/08
<i>Custom Benchmark</i>		-11.8%	13.6%	-.-%	-.-%	-6.2%	
<i>Value Added</i>		-1.1%	0.4%	-.-%	-.-%	-4.6%	
<i>Performance Objective</i>		-11.6%	14.6%	-.-%	-.-%	-5.2%	
<i>Value Added</i>		-1.4%	-0.6%	-.-%	-.-%	-5.6%	
Shenandoah (MDP)	0.1	-11.4%	21.0%	-8.6%	0.4%	4.7%	3/01
<i>Custom Benchmark</i>		-9.9%	25.2%	-8.3%	0.8%	5.4%	
<i>Value Added</i>		-1.5%	-4.2%	-0.3%	-0.4%	-0.7%	
<i>Performance Objective</i>		-9.4%	27.2%	-6.3%	2.8%	7.4%	
<i>Value Added</i>		-2.0%	-6.2%	-2.3%	-2.4%	-2.7%	
Stux (MDP)	0.4	-12.4%	14.9%	-9.6%	-0.5%	0.9%	3/04
<i>Custom Benchmark</i>		-11.5%	15.2%	-9.7%	-0.6%	1.0%	
<i>Value Added</i>		-0.9%	-0.3%	0.1%	0.1%	-0.1%	
<i>Performance Objective</i>		-11.1%	16.7%	-8.2%	0.9%	2.5%	
<i>Value Added</i>		-1.3%	-1.8%	-1.4%	-1.4%	-1.6%	

⁶⁷ The MDP managers are listed by style elsewhere in this appendix.



External Manager Performance Review (continued)

Domestic Equity – FOF

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
FIS Fund of Funds	0.3	-10.8%	17.5%	-.%	-.%	-6.7%	3/08
Ah Lisanti Small Cap Growth	0.0	-8.7%	23.6%	-.%	-.%	-6.1%	3/08
<i>Custom Benchmark</i>		-9.2%	17.9%	-.%	-.%	-3.4%	
<i>Value Added</i>		0.5%	5.7%	-.%	-.%	-2.7%	
Atlanta Life Large Growth	0.0	-13.8%	15.4%	-.%	-.%	-2.3%	9/08
<i>Custom Benchmark</i>		-11.8%	13.6%	-.%	-.%	-1.3%	
<i>Value Added</i>		-2.0%	1.8%	-.%	-.%	-1.0%	
Atlanta Large Value	0.0	-11.9%	19.9%	-.%	-.%	-3.1%	3/08
<i>Custom Benchmark</i>		-11.2%	16.8%	-.%	-.%	-10.3%	
<i>Value Added</i>		-0.7%	3.1%	-.%	-.%	7.2%	
Ativo International	0.0	-9.6%	22.2%	-.%	-.%	4.6%	9/08
<i>Custom Benchmark</i>		-13.0%	9.9%	-.%	-.%	-1.3%	
<i>Value Added</i>		3.4%	12.3%	-.%	-.%	5.9%	
Bedlam International	0.0	-9.4%	4.2%	-.%	-.%	-4.5%	9/08
<i>Custom Benchmark</i>		-13.0%	9.9%	-.%	-.%	-1.3%	
<i>Value Added</i>		3.6%	-5.7%	-.%	-.%	-3.2%	
Hexavest EAFE Value	0.0	-12.1%	-.%	-.%	-.%	-11.8%	9/09
<i>Custom Benchmark</i>		-13.9%	-.%	-.%	-.%	-11.3%	
<i>Value Added</i>		1.8%	-.%	-.%	-.%	-0.5%	
Lombardia Small Value	0.0	-8.0%	26.6%	-.%	-.%	-1.0%	9/08
<i>Custom Benchmark</i>		-10.6%	25.0%	-.%	-.%	-6.4%	
<i>Value Added</i>		2.6%	1.6%	-.%	-.%	5.4%	
Moody Aldrich All Cap Value	0.0	-12.4%	22.9%	-.%	-.%	-12.1%	3/08
<i>Custom Benchmark</i>		-11.1%	17.5%	-.%	-.%	-9.9%	
<i>Value Added</i>		-1.3%	5.4%	-.%	-.%	-2.2%	
Mastrapasqua Large Growth	0.0	-9.5%	11.5%	-.%	-.%	-6.1%	3/08
<i>Custom Benchmark</i>		-11.8%	13.6%	-.%	-.%	-6.2%	
<i>Value Added</i>		2.3%	-2.1%	-.%	-.%	0.1%	
Oakbrook Mid Cap Core	0.0	-11.1%	25.2%	-.%	-.%	-4.7%	3/08
<i>Custom Benchmark</i>		-9.9%	25.2%	-.%	-.%	-5.0%	
<i>Value Added</i>		-1.2%	0.0%	-.%	-.%	0.3%	
Oakbrook Large Value	0.0	-11.9%	15.8%	-.%	-.%	-7.0%	9/08
<i>Custom Benchmark</i>		-11.2%	16.8%	-.%	-.%	-6.9%	
<i>Value Added</i>		-0.7%	-1.0%	-.%	-.%	-0.1%	
Paradigm Alpha Max Large Value	0.0	-12.1%	13.3%	-.%	-.%	-12.4%	3/08
<i>Custom Benchmark</i>		-11.2%	16.8%	-.%	-.%	-10.3%	
<i>Value Added</i>		-0.9%	-3.5%	-.%	-.%	-2.1%	
Victoria Emerging Markets	0.0	-8.6%	-.%	-.%	-.%	5.5%	9/09
<i>Custom Benchmark</i>		-8.4%	-.%	-.%	-.%	1.9%	
<i>Value Added</i>		-0.2%	-.%	-.%	-.%	3.6%	
DSM Large Growth	0.0	-10.8%	10.8%	-.%	-.%	-9.3%	3/08
<i>Custom Benchmark</i>		-11.8%	13.6%	-.%	-.%	-6.2%	
<i>Value Added</i>		1.0%	-2.8%	-.%	-.%	-3.1%	



External Manager Performance Review (continued)

Domestic Equity – FOF *

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Leading Edge Fund of Funds	0.3	-9.0%	17.5%	-.-%	-.-%	-3.6%	3/08
Credo Mid Growth	0.0	-8.7%	16.1%	-.-%	-.-%	-8.5%	3/08
Custom Benchmark		-10.2%	21.4%	-.-%	-.-%	-5.3%	
Value Added		1.5%	-5.3%	-.-%	-.-%	-3.2%	
Logan Large Growth	0.0	-11.8%	19.9%	-.-%	-.-%	-8.2%	3/08
Custom Benchmark		-11.8%	13.6%	-.-%	-.-%	-6.2%	
Value Added		0.0%	6.3%	-.-%	-.-%	-2.0%	
Markston Large Core	0.0	-11.2%	14.7%	-.-%	-.-%	-4.0%	3/08
Custom Benchmark		-11.5%	14.4%	-.-%	-.-%	-8.6%	
Value Added		0.3%	0.3%	-.-%	-.-%	4.6%	
Mindshare Small Growth	0.0	-7.0%	20.9%	-.-%	-.-%	-1.0%	3/08
Custom Benchmark		-9.2%	17.9%	-.-%	-.-%	-3.4%	
Value Added		2.2%	3.0%	-.-%	-.-%	2.4%	
NMF Small Value	0.0	-7.6%	6.6%	-.-%	-.-%	-16.0%	9/08
Custom Benchmark		-10.6%	25.0%	-.-%	-.-%	-6.4%	
Value Added		3.0%	-18.4%	-.-%	-.-%	-9.6%	
Redwood Large Growth-LEIA	0.0	-12.8%	14.0%	-.-%	-.-%	-11.1%	3/08
Custom Benchmark		-11.8%	13.6%	-.-%	-.-%	-6.2%	
Value Added		-1.0%	0.4%	-.-%	-.-%	-4.9%	
TIS Small Cap	0.0	-13.7%	-3.2%	-.-%	-.-%	-14.7%	9/08
Custom Benchmark		-9.9%	21.5%	-.-%	-.-%	-4.6%	
Value Added		-3.8%	-24.7%	-.-%	-.-%	-10.1%	
Cupps Small Growth	0.0	-9.2%	15.3%	-.-%	-.-%	0.3%	3/08
Custom Benchmark		-9.2%	17.9%	-.-%	-.-%	-3.4%	
Value Added		0.0%	-2.6%	-.-%	-.-%	3.7%	
Phocas Small Value	0.0	-10.4%	27.7%	-.-%	-.-%	0.5%	3/08
Custom Benchmark		-10.6%	25.0%	-.-%	-.-%	-4.5%	
Value Added		0.2%	2.7%	-.-%	-.-%	5.0%	
Westwood*	0.1	-4.2%	30.0%	-.-%	-.-%	47.2%	12/08
Custom Benchmark		-8.0%	25.1%	-.-%	-.-%	43.7%	
Value Added		3.8%	4.9%	-.-%	-.-%	3.5%	

* Westwood is an emerging



External Manager Performance Review (continued)

Domestic Equity – Corporate Governance

	Market Value	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Incept</u>	<u>Date</u>
Total Domestic Corporate Governance	2.3	-11.3%	18.8%	-10.4%	-1.7%	11.7%	12/98
Blum Strategic Partners III	0.1	-17.6%	31.0%	-7.6%	-.%	1.0%	9/05
<i>Custom Benchmark</i>		1.9%	8.0%	8.0%	-.%	8.0%	
<i>Value Added</i>		-19.5%	23.0%	-15.6%	-.%	-7.0%	
Blum Strategic Partners II	0.0	-11.8%	32.9%	-.%	-.%	-17.4%	6/07
<i>Custom Benchmark</i>		1.9%	8.0%	-.%	-.%	8.0%	
<i>Value Added</i>		-13.7%	24.9%	-.%	-.%	-25.4%	
Blum Strategic Partners IV	0.2	-17.5%	5.5%	-.%	-.%	-15.2%	12/07
<i>Custom Benchmark</i>		1.9%	8.0%	-.%	-.%	8.0%	
<i>Value Added</i>		-19.4%	-2.5%	-.%	-.%	-23.2%	
Breeden Partners	0.3	-9.8%	13.4%	-14.1%	-.%	-6.6%	6/06
<i>Custom Benchmark</i>		-11.4%	14.4%	-9.8%	-.%	-3.0%	
<i>Value Added</i>		1.6%	-1.0%	-4.3%	-.%	-3.6%	
New Mountain Capital	0.2	-3.9%	22.8%	-1.7%	-.%	1.8%	12/05
<i>Custom Benchmark</i>		-11.4%	14.4%	-9.8%	-.%	-2.1%	
<i>Value Added</i>		7.5%	8.4%	8.1%	-.%	3.9%	
Internal New Mountain Capital	0.1	-7.3%	30.2%	3.0%	-.%	6.1%	12/06
<i>Custom Benchmark</i>		-11.4%	14.4%	-9.8%	-.%	-6.7%	
<i>Value Added</i>		4.1%	15.8%	12.8%	-.%	12.8%	
Relational Investors	0.9	-11.8%	14.8%	-17.1%	-6.2%	9.3%	12/98
<i>Custom Benchmark</i>		-11.4%	14.4%	-9.8%	-0.8%	0.2%	
<i>Value Added</i>		-0.4%	0.4%	-7.3%	-5.4%	9.1%	
Relational Midcap	0.3	-15.5%	40.7%	-.%	-.%	13.0%	9/08
<i>Custom Benchmark</i>		-9.6%	24.9%	-.%	-.%	0.5%	
<i>Value Added</i>		-5.9%	15.8%	-.%	-.%	12.5%	
Internal Relational	0.1	-12.0%	23.2%	0.2%	6.7%	15.5%	12/02
<i>Custom Benchmark</i>		-11.4%	14.4%	-9.8%	-0.8%	4.2%	
<i>Value Added</i>		-0.6%	8.8%	10.0%	7.5%	11.3%	



External Manager Performance Review (continued) RM ARS Program

	Market Value	Qtr	1 Year	3 Year	5 Year
Total RM ARS Program	5.5	-0.8%	9.8%	-1.9%	4.2%
<i>Policy Index</i>		1.5%	6.0%	8.3%	8.7%
Total Fund to Funds	1.5	-1.5%	2.8%	-1.9%	-.-%
47 Degrees North Capital Fund of Emerging Funds	0.2	-0.9%	4.2%	-3.2%	-.-%
Ermitage European Fund of Funds	0.1	-1.8%	2.1%	-1.9%	-.-%
Europanel European Fund of Funds	0.3	-1.3%	4.6%	2.0%	-.-%
KBC Asian Fund of Funds	0.2	-1.8%	0.9%	-4.5%	-.-%
PAAMCO Fund of Emerging Funds	0.1	0.2%	10.4%	-.-%	-.-%
Rock Creek fund of Emerging Funds	0.2	-2.0%	8.3%	-.-%	-.-%
UBS European Fund of Funds	0.1	-4.8%	1.3%	-6.7%	-.-%
Vision Asian Fund of Funds	0.3	-0.8%	-3.6%	-1.0%	-.-%
RM ARS Direct Investments	4.0	-0.5%	12.3%	-1.6%	4.7%
CalPERS Hedge Fund-UBS	3.7	-0.1%	12.7%	-1.2%	4.7%
CalPERS Hedge Fund Partners	0.3	-6.0%	6.6%	-5.6%	2.8%



External Manager Performance Review (continued) RM ARS Program* (Continued)

	Market Value	Qtr	1 Year	3 Year	5 Year
Total RM ARS Program	5.5	-0.8%	9.8%	-1.9%	4.2%
<i>Policy Index</i>		1.5%	6.0%	8.3%	8.7%
RM ARS Direct Investments	4.0	-0.5%	12.3%	-1.6%	4.7%
CalPERS Hedge Fund-UBS	3.7	-0.1%	12.7%	-1.2%	4.7%
CalPERS Hedge Fund Partners	0.3	-6.0%	6.6%	-5.6%	2.8%
Convertible Arbitrage*	253.3 mil	0.4%	32.8%	12.4%	10.7%
Symphony Eureka Fund L.P.	253.3 mil	0.4%	-.%	-.%	-.%
Domestic Equity Long/Short*	563.0 mil	-5.6%	6.8%	1.1%	6.6%
International Equity Long/Short*	235.8 mil	-5.2%	12.1%	-9.6%	1.0%
Brookside Capital Partners Fund, L.P.	199.2 mil	-5.9%	4.1%	-0.1%	6.9%
PFM Diversified Eureka Fund, LP	208.3 mil	-2.9%	-.%	-.%	-.%
Tremblant Partners, L.P.	155.5 mil	-8.5%	2.8%	-6.4%	0.5%
Lansdowne European	235.8 mil	-5.2%	14.7%	0.3%	6.5%
Multi-Strategy*	708.3 mil	-0.9%	11.1%	-4.1%	3.6%
Canyon Value Realization Fund L.P.	32.4 mil	-2.0%	23.0%	-0.4%	5.2%
Deephaven	22.5 mil	2.9%	8.0%	-10.9%	-0.4%
Farallon	4.4 mil	33.1%	24.7%	-2.4%	5.4%
OZ Domestic Partners II, L.P.	504.8 mil	-1.1%	12.4%	3.4%	-.%
Tennenbaum Multi-Strategy SPV (Cayman) Ltd	17.5 mil	4.0%	-.%	-.%	-.%
SuttonBrook Eureka Fund LP	126.7 mil	-.%	-.%	-.%	-.%
Commodities*	622.7 mil	-2.2%	5.0%	4.0%	-.%
Aspect Alternative Fund LLC	243.2 mil	-0.2%	8.7%	5.6%	-.%
Black River CMSF	25.6 mil	0.3%	3.1%	0.0%	-.%
Black River CTF (Onshore)	182.8 mil	-3.0%	-4.1%	-.%	-.%
BlueTrend Fund LP	171.1 mil	-3.9%	13.2%	-.%	-.%
Credit-Driven*	736.6 mil	1.8%	21.6%	6.2%	7.6%
Canyon Special Opportunities Fund, LP	128.2 mil	0.9%	23.9%	-.%	-.%
Chatham Asset High Yield Offshore	248.5 mil	1.1%	22.6%	11.0%	10.3%
Chatham Asset Part. Spec. Situation Offshore	147.2 mil	2.8%	18.6%	8.0%	-.%
Chatham Eureka Fund LP	212.7 mil	2.5%	-.%	-.%	-.%
Fixed Income Arbitrage*	344.8 mil	1.7%	12.3%	3.0%	6.1%
Black River FIRV	344.8 mil	1.7%	12.3%	13.9%	12.7%
Market Neutral*	156.5 mil	-1.8%	-0.5%	-1.8%	-.%
O'Connor Global Market Neutral	46.8 mil	-1.7%	-0.6%	-.%	-.%
O'Connor Global Quantitative Equity LLC	109.8 mil	-1.8%	-0.4%	-3.0%	-.%

* The numbers presented above were provided by CalPERS and are updated whenever an underlying manager provides additional information. The RM ARS numbers on the previous page were provided by State Street and are based on the second business day.



External Manager Performance Review (continued) RM ARS Program* (Continued)

	Market Value	Qtr	1 Year	3 Year	5 Year
Total RM ARS Program	5.5	-0.8%	9.8%	-1.9%	4.2%
<i>Policy Index</i>		1.5%	6.0%	8.3%	8.7%
Statistical Arbitrage*	127.0 mil	-6.7%	-7.9%	-0.6%	-0.5%
The Marquee Fund, LP	127.0 mil	-6.7%	-7.9%	-.-%	-.-%
Distressed*	121.7 mil	0.3%	62.2%	-0.7%	4.1%
Wayzata Recovery Fund LLC	121.7 mil	0.3%	62.2%	-0.7%	4.1%
Asian Fund of Funds*	468.1 mil	0.7%	-1.7%	-2.1%	-.-%
Vision Blue Diamond Fund, L.P.	259.3 mil	-1.4%	-3.9%	-1.1%	-.-%
PAAMCO - Blue Diamond Separate Investment	208.8 mil	3.4%	0.5%	-.-%	-.-%
European Fund of Funds*	483.5 mil	-2.1%	3.0%	-2.2%	-.-%
Ermitage Highbury Fund, LP	130.0 mil	-1.9%	2.3%	-1.9%	-.-%
AIS Highbury Fund, LP	101.3 mil	-2.9%	0.9%	-6.3%	-.-%
ERAAM Highbury Fund, LP	252.3 mil	-1.8%	4.5%	1.9%	-.-%
Fund of Emerging Hedge Funds*	533.7 mil	-1.3%	7.0%	-2.2%	-.-%
47 Degrees North	189.5 mil	-1.2%	3.4%	-3.5%	-.-%
Rock Creek 1848 Fund, LP	203.3 mil	-2.1%	8.0%	-.-%	-.-%
PAAMCO 1848 Fund, LP	141.0 mil	0.0%	10.2%	-.-%	-.-%

* The numbers presented above were provided by CalPERS and are updated whenever an underlying manager provides additional information. The RM ARS numbers on the previous page were provided by State Street and are based on the second business day.



Domestic Equity – Environmental

	Market Value	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Incept.</u>	<u>Date</u>
Total Domestic Environmental	0.1	-11.5%	12.3%	-10.3%	-2.2%	-1.5%	3/05
New Amsterdam Partners	0.1	-11.6%	11.8%	-8.6%	-.-%	-3.6%	3/06
Custom Benchmark		-11.5%	15.2%	-9.7%	-.-%	-3.2%	
Value Added		-0.1%	-3.4%	1.1%	-.-%	-0.4%	
Performance Objective		-11.1%	16.7%	-8.2%	-.-%	-1.7%	
Value Added		-0.5%	-4.9%	-0.4%	-.-%	-1.9%	
SSgA Environmental	0.1	-10.6%	13.1%	-11.6%	-.-%	-4.7%	6/06
Custom Benchmark		-11.5%	14.4%	-10.0%	-.-%	-3.2%	
Value Added		0.9%	-1.3%	-1.6%	-.-%	-1.5%	



External Manager Performance Review (continued)
International Equity – Core ACWI

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Int'l Active Mainstream	4.8	-11.4%	13.2%	-11.8%	2.9%	5.5%	6/89
Int'l External Core							
Arrowstreet (Mainstream)	2.0	-10.8%	17.7%	-4.7%	8.5%	14.9%	3/03
Custom Benchmark		-12.3%	10.9%	-10.2%	3.8%	11.7%	
Value Added		1.5%	6.8%	5.5%	4.7%	3.2%	
Performance Objective		-11.8%	12.9%	-8.2%	5.8%	13.7%	
Value Added		1.0%	4.8%	3.5%	2.7%	1.2%	



External Manager Performance Review (continued)

International Equity – Core Europe

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Incept.</u>	<u>Date</u>
Int'l Active Mainstream	4.8	-11.4%	13.2%	-11.8%	2.9%	5.5%	6/89
Int'l External Core Europe							
Sourcecap Intl (MDP II)	0.2	-14.6%	5.4%	-.-%	-.-%	7.5%	12/08
Custom Benchmark		-15.0%	7.1%	-.-%	-.-%	10.5%	
Value Added		0.4%	-1.7%	-.-%	-.-%	-3.0%	
Performance Objective		-14.8%	8.1%	-.-%	-.-%	11.5%	
Value Added		0.2%	-2.7%	-.-%	-.-%	-4.0%	

International Equity – Environmental

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Incept.</u>	<u>Date</u>
Int'l Environmental	0.2	-13.8%	10.5%	-12.6%	-.-%	-2.9%	3/06
Int'l Environmental							
Global Currents	0.1	-14.3%	8.7%	-13.0%	-.-%	-4.2%	6/06
Custom Benchmark		-13.3%	7.6%	-12.0%	-.-%	-3.3%	
Value Added		-1.0%	1.1%	-1.0%	-.-%	-0.9%	
Performance Objective		-12.8%	9.6%	-10.0%	-.-%	-1.3%	
Value Added		-1.5%	-0.9%	-3.0%	-.-%	-2.9%	
SSgA Environmental	0.1	-13.4%	11.6%	-12.3%	-.-%	-2.1%	3/06
Custom Benchmark		-13.3%	7.6%	-12.0%	-.-%	-2.9%	
Value Added		-0.1%	4.0%	-0.3%	-.-%	0.8%	
Performance Objective		-12.8%	9.6%	-10.0%	-.-%	-0.9%	
Value Added		-0.6%	2.0%	-2.3%	-.-%	-1.2%	

International Equity – MDP⁶⁸

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Incept.</u>	<u>Date</u>
Total Int'l MDP	0.1	-9.5%	11.2%	-8.8%	3.4%	1.4%	6/00
Pyrford (MDP)	0.1	-9.5%	11.2%	-8.7%	2.1%	5.3%	12/01
Custom Benchmark		-13.3%	7.6%	-12.0%	2.1%	5.7%	
Value Added		3.8%	3.6%	3.3%	0.0%	-0.4%	
Performance Objective		-12.8%	9.6%	-10.0%	4.1%	7.7%	
Value Added		3.3%	1.6%	1.3%	-2.0%	-2.4%	

⁶⁸ The MDP managers are also listed by style elsewhere in this appendix.



External Manager Performance Review (continued)

International Equity – Growth & Value

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Int'l Active Mainstream	4.8	-11.4%	13.2%	-11.8%	2.9%	5.5%	6/89
Int'l External Growth							
Baillie Gifford	0.8	-10.7%	-16.8%	-7.2%	7.2%	7.1%	6/01
Custom Benchmark		-12.3%	10.9%	-10.2%	3.8%	5.5%	
Value Added		1.6%	-27.7%	3.0%	3.4%	1.6%	
Performance Objective		-11.8%	12.9%	-8.2%	5.8%	7.5%	
Value Added		1.1%	-29.7%	1.0%	1.4%	-0.4%	
Int'l External Value ACWI							
Alliance Strategic Value	0.3	-17.6%	4.3%	-19.8%	-.%	-4.1%	9/05
Custom Benchmark		-13.0%	10.0%	-10.4%	-.%	1.5%	
Value Added		-4.6%	-5.7%	-9.4%	-.%	-5.6%	
Performance Objective		-12.5%	12.0%	-8.4%	-.%	3.5%	
Value Added		-5.1%	-7.7%	-11.4%	-.%	-7.6%	
Grantham, Mayo, Van Otterloo	0.6	-11.7%	11.3%	-11.4%	2.7%	6.7%	6/01
Custom Benchmark		-12.3%	10.9%	-10.2%	3.8%	5.5%	
Value Added		0.6%	0.4%	-1.2%	-1.1%	1.2%	
Performance Objective		-11.7%	13.4%	-7.8%	6.3%	7.9%	
Value Added		0.0%	-2.1%	-3.6%	-3.6%	-1.2%	
Pyramis Global	0.7	-12.4%	8.3%	-.%	-.%	-13.7%	6/08
Custom Benchmark		-13.3%	7.6%	-.%	-.%	-12.8%	
Value Added		0.9%	0.7%	-.%	-.%	-0.9%	
Performance Objective		-12.8%	9.6%	-.%	-.%	-10.8%	
Value Added		0.4%	-1.3%	-.%	-.%	-2.9%	
Pyrford (MDP)	0.1	-9.5%	11.2%	-8.7%	2.1%	5.3%	12/01
Custom Benchmark		-13.3%	7.6%	-12.0%	2.1%	5.7%	
Value Added		3.8%	3.6%	3.3%	0.0%	-0.4%	
Performance Objective		-12.8%	9.6%	-10.0%	4.1%	7.7%	
Value Added		3.3%	1.6%	1.3%	-2.0%	-2.4%	
Int'l External Value Pacific							
Nomura	0.4	-8.2%	15.1%	-6.9%	5.2%	4.0%	9/89
Custom Benchmark		-8.9%	12.9%	-7.0%	4.9%	0.6%	
Value Added		0.7%	2.2%	0.1%	0.3%	3.4%	
Performance Objective		-8.4%	14.9%	-5.0%	6.9%	2.6%	
Value Added		0.2%	0.2%	-1.9%	-1.7%	1.4%	



International Equity – Emerging Markets

Int'l Emerging Markets	Market Value 4.1	Qtr -8.5%	1 Year 30.0%	3 Year -1.5%	5 Year 12.8%	Incept. 21.3%	Date 9/02
AllianceBernstein	0.8	-11.9%	25.6%	-5.0%	10.7%	21.5%	9/02
Custom Benchmark		-8.0%	25.1%	-2.4%	12.7%	19.9%	
Value Added		-3.9%	0.5%	-2.6%	-2.0%	1.6%	
Performance Objective		-7.4%	27.6%	0.1%	15.2%	22.4%	
Value Added		-4.5%	-2.0%	-5.1%	-4.5%	-0.9%	
Batterymarch	0.8	-10.0%	31.2%	-3.8%	-.-%	-3.8%	6/07
Custom Benchmark		-8.0%	25.1%	-2.4%	-.-%	-2.4%	
Value Added		-2.0%	6.1%	-1.4%	-.-%	-1.4%	
Performance Objective		-7.5%	27.1%	-0.4%	-.-%	-0.4%	
Value Added		-2.5%	4.1%	-3.4%	-.-%	-3.4%	
DFA	0.6	-7.2%	28.3%	0.3%	14.5%	22.5%	9/02
Custom Benchmark		-8.0%	25.1%	-2.4%	12.7%	19.9%	
Value Added		0.8%	3.2%	2.7%	1.8%	2.6%	
Performance Objective		-7.5%	27.1%	-0.4%	14.7%	21.9%	
Value Added		0.3%	1.2%	0.7%	-0.2%	0.6%	
Genesis	0.9	-4.9%	37.0%	3.8%	15.7%	21.5%	9/02
Custom Benchmark		-8.0%	25.1%	-2.4%	12.7%	19.9%	
Value Added		3.1%	11.9%	6.2%	3.0%	1.6%	
Performance Objective		-7.4%	27.6%	0.1%	15.2%	22.4%	
Value Added		2.5%	9.4%	3.7%	0.5%	-0.9%	
Lazard	0.7	-7.9%	28.9%	-.-%	-.-%	-2.7%	9/07
Custom Benchmark		-8.0%	25.1%	-.-%	-.-%	-6.1%	
Value Added		0.1%	3.8%	-.-%	-.-%	3.4%	
Performance Objective		-7.5%	27.1%	-.-%	-.-%	-4.1%	
Value Added		-0.4%	1.8%	-.-%	-.-%	1.4%	
Pictet	0.4	-9.5%	24.7%	-4.1%	-.-%	-4.1%	6/07
Custom Benchmark		-8.0%	25.1%	-2.4%	-.-%	-2.4%	
Value Added		-1.5%	-0.4%	-1.7%	-.-%	-1.7%	
Performance Objective		-7.5%	27.1%	-0.4%	-.-%	-0.4%	
Value Added		-2.0%	-2.4%	-3.7%	-.-%	-3.7%	



External Manager Performance Review (continued)

International Equity – Corporate Governance

	Market Value	Qtr	1 Year	3 Year	5 Year	Date
Total Int'l Corporate Governance	1.9	-7.2%	8.1%	-15.6%	-0.8%	12/98
Caritca	0.1	11.5%	-.-%	-.-%	-.-%	12/09
<i>Custom Benchmark</i>		-7.8%	-.-%	-.-%	-.-%	
<i>Value Added</i>		19.3%	-.-%	-.-%	-.-%	
Governance for Owners	0.2	-9.4%	31.3%	-18.1%	-.-%	12/06
<i>Custom Benchmark</i>		-15.0%	7.1%	-14.3%	-.-%	
<i>Value Added</i>		5.6%	24.2%	-3.8%	-.-%	
Internal Governance for Owners	0.1	-15.5%	15.6%	-.-%	-.-%	9/07
<i>Custom Benchmark</i>		-15.0%	7.1%	-.-%	-.-%	
<i>Value Added</i>		-0.5%	8.5%	-.-%	-.-%	
Breeden Partners- European	0.2	-12.6%	-16.8%	-.-%	-.-%	03/09
<i>Custom Benchmark</i>		-14.8%	6.3%	-.-%	-.-%	
<i>Value Added</i>		2.2%	-23.1%	-.-%	-.-%	
Knight Vinke	0.1	-19.7%	-14.2%	-16.7%	1.9%	12/03
<i>Custom Benchmark</i>		-15.0%	7.1%	-14.3%	1.3%	
<i>Value Added</i>		-4.7%	-21.3%	-2.4%	0.6%	
Knight Vinke Internal Partners	0.1	-18.6%	-17.2%	-15.2%	-.-%	3/06
<i>Custom Benchmark</i>		-15.0%	7.1%	-14.3%	-.-%	
<i>Value Added</i>		-3.6%	-24.3%	-0.9%	-.-%	
Lazard Korea Corp Gov Fund	0.1	-0.2%	24.7%	-.-%	-.-%	6/08
<i>Custom Benchmark</i>		-7.1%	27.3%	-.-%	-.-%	
<i>Value Added</i>		6.9%	-2.6%	-.-%	-.-%	
Taiyo Fund	0.6	-6.5%	7.9%	-9.2%	3.7%	9/03
<i>Custom Benchmark</i>		-14.0%	-9.5%	-22.0%	-6.5%	
<i>Value Added</i>		7.5%	17.4%	12.8%	10.2%	
Taiyo Cypress	0.2	-1.1%	13.9%	-.-%	-.-%	6/08
<i>Custom Benchmark</i>		-14.0%	-9.5%	-.-%	-.-%	
<i>Value Added</i>		12.9%	23.4%	-.-%	-.-%	
Taiyo Pearl Fund	0.2	2.0%	7.9%	-.-%	-.-%	12/07
<i>Custom Benchmark</i>		0.0%	0.0%	-.-%	-.-%	
<i>Value Added</i>		2.0%	7.9%	-.-%	-.-%	



External Manager Performance Review (continued)

Fixed Income – High Yield

	<u>Market Value</u>	<u>Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Incept.</u>	<u>Date</u>
Total Fixed Income	46.6	4.2%	20.3%	9.5%	6.7%	8.7%	6/88
<i>Fixed Income Policy Index</i>		5.3%	12.5%	9.0%	6.0%	8.1%	
External High Yield*	1.8	0.0%	20.8%	-3.4%	2.9%	6.3%	3/02
Highland A & B	0.5	2.3%	18.9%	-.-%	-.-%	-2.9%	12/08
<i>Custom Benchmark</i>		0.1%	25.5%	-.-%	-.-%	7.5%	
<i>Value Added</i>		2.2%	-6.6%	-.-%	-.-%	-10.4%	
Highland A	0.4	2.1%	19.7%	-.-%	-.-%	-1.1%	12/07
<i>Custom Benchmark</i>		0.1%	25.6%	-.-%	-.-%	7.5%	
<i>Value Added</i>		2.0%	-5.9%	-.-%	-.-%	-8.6%	
Highland B	0.1	2.9%	16.2%	-.-%	-.-%	-9.0%	12/07
<i>Custom Benchmark</i>		0.1%	25.6%	-.-%	-.-%	7.5%	
<i>Value Added</i>		2.8%	-9.4%	-.-%	-.-%	-16.5%	
Artio Global High Yield	0.1	-0.8%	-.-%	-.-%	-.-%	-0.8%	3/10
<i>Custom Benchmark</i>		-0.4%	-.-%	-.-%	-.-%	-0.4%	
<i>Value Added</i>		-0.4%	-.-%	-.-%	-.-%	-0.4%	
Columbia High Yield	0.3	-0.6%	-.-%	-.-%	-.-%	7.8%	9/09
<i>Custom Benchmark</i>		-0.4%	-.-%	-.-%	-.-%	11.7%	
<i>Value Added</i>		-0.2%	-.-%	-.-%	-.-%	-3.9%	
Columbia LL	0.1	-1.4%	-.-%	-.-%	-.-%	2.6%	12/09
<i>Custom Benchmark</i>		-1.0%	-.-%	-.-%	-.-%	4.1%	
<i>Value Added</i>		-0.4%	-.-%	-.-%	-.-%	-1.5%	
JP Morgan High Yield	0.2	-0.1%	-.-%	-.-%	-.-%	7.3%	12/09
<i>Custom Benchmark</i>		-0.4%	-.-%	-.-%	-.-%	4.1%	
<i>Value Added</i>		0.3%	-.-%	-.-%	-.-%	3.2%	
Logan Circle High Yield	0.3	-0.7%	-.-%	-.-%	-.-%	3.9%	12/09
<i>Custom Benchmark</i>		-0.4%	-.-%	-.-%	-.-%	4.1%	
<i>Value Added</i>		-0.3%	-.-%	-.-%	-.-%	-0.2%	
Nomura	0.5	-0.2%	34.2%	6.6%	7.6%	9.1%	3/02
<i>Custom Benchmark</i>		0.1%	25.6%	6.0%	6.7%	8.3%	
<i>Value Added</i>		-0.3%	8.6%	0.6%	0.9%	0.8%	
PIMCO	0.2	-0.1%	23.4%	4.3%	5.8%	7.9%	3/02
<i>Custom Benchmark</i>		0.1%	25.6%	6.0%	6.7%	8.3%	
<i>Value Added</i>		-0.2%	-2.2%	-1.7%	-0.9%	-0.4%	

* Portfolio was unitized and is included in multiple plans.



External Manager Performance Review (continued) Fixed Income – MDP⁶⁹

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
LM Capital	0.2	2.5%	9.8%	8.3%	6.2%	6.7%	3/02
Custom Benchmark		3.7%	9.0%	7.9%	5.8%	6.1%	
Value Added		-1.2%	0.8%	0.4%	0.4%	0.6%	
Performance Objective		4.0%	10.0%	8.9%	6.8%	7.1%	
Value Added		-1.5%	-0.2%	-0.6%	-0.6%	-0.4%	

External Manager Performance Review (continued) Fixed Income – External International

	Market Value	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Total Fixed Income	46.6	4.2%	19.5%	8.9%	6.4%	8.7%	6/88
Fixed Income Policy Index		5.3%	12.5%	9.0%	6.0%	8.1%	
International Fixed Income	3.1	-0.3%	7.4%	8.7%	5.6%	6.9%	
Alliance Bernstein	0.7	-1.1%	10.0%	7.5%	-.%	6.6%	3/07
Custom Benchmark		-1.0%	2.2%	7.5%	-.%	6.3%	
Value Added		-0.1%	7.8%	0.0%	-.%	0.3%	
Performance Objective		-0.6%	3.7%	9.0%	-.%	7.8%	
Value Added		-0.5%	6.3%	-1.5%	-.%	-1.2%	
Baring	0.6	-0.1%	4.9%	8.3%	5.1%	8.5%	9/89
Custom Benchmark		-1.0%	2.2%	7.5%	5.0%	7.2%	
Value Added		0.9%	2.7%	0.8%	0.1%	1.3%	
Performance Objective		-0.6%	3.7%	9.0%	6.5%	8.7%	
Value Added		0.5%	1.2%	-0.7%	-1.4%	-0.2%	
PIMCO	1.0	1.0%	9.9%	9.6%	-.%	8.1%	3/07
Custom Benchmark		-1.0%	2.2%	7.5%	-.%	6.3%	
Value Added		2.0%	7.7%	2.1%	-.%	1.8%	
Performance Objective		-0.6%	3.7%	9.0%	-.%	7.8%	
Value Added		1.6%	6.2%	0.6%	-.%	0.3%	
Rogge	0.8	-1.1%	4.5%	8.0%	5.4%	7.5%	9/00
Custom Benchmark		-1.0%	2.2%	7.5%	5.0%	7.1%	
Value Added		-0.1%	2.3%	0.5%	0.4%	0.4%	
Performance Objective		-0.6%	3.7%	9.0%	6.5%	8.6%	
Value Added		-0.5%	0.8%	-1.0%	-1.1%	-1.1%	

⁶⁹ The Fixed Income-MDP Program is managed by the global equity managers.

External Manager Performance Review (continued)
Fixed Income - Special Investments

Special Investments	Market Value 0.8	Qtr 2.9%	1 Year 10.9%	3 Year 8.4%	5 Year 6.7%	Incept. 7.1%	Date 3/91
Equitable CCMF	0.0	0.9%	6.4%	7.3%	8.2%	8.5%	12/95
MHLP-BRS	0.6	2.8%	12.0%	8.2%	6.6%	6.9%	3/02
U.L.L.I. Co.	0.0	0.8%	2.1%	10.8%	12.0%	9.7%	6/95



External Manager Performance Review (continued)

Real Estate

	Market	Qtr	1 Year	3 Year	5 Year	Incept.	Date
Real Estate	Value 14.9	-5.1%	-37.1%	-25.6%	-8.6%	4.9%	6/88
Morgan Stanley Intl PREES	0.2	-10.8%	7.5%	-13.9%	-.-%	-14.2%	3/07
Custom Benchmark		-10.1%	10.6%	-15.7%	-.-%	-15.5%	
Value Added		-0.7%	-3.1%	1.8%	-.-%	1.3%	

* Portfolio were unitized and are included in multiple plans.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Relational Investors
Second Quarter 2010

Investment Type: U.S. Corporate Governance Fund

Inception Date: March 1996

Capital Commitment: \$1 billion

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 74.7 million	\$3,915.0 million
Distributed Capital:	\$115.7 million	\$3,486.2 million

Market Value (6/30/10): \$ 902.6 million

Investment Strategy:

Relational Investors employs a corporate governance strategy aimed at unlocking intrinsic value in underperforming, publicly traded, U.S. companies. When compared to the broader market and industry peers, these companies typically exhibit inferior performance in one or more of the following areas: operations, financial structure, long-term strategy, corporate governance policies or management. Each investment represents a significant percentage of a particular company's outstanding shares, generally 3-10%. Relational Investors then seeks to maximize investment value by initiating contact with the company's management, board of directors and other shareholders to facilitate change.

Summary Analysis:

Number of Investments: 15

Organization:

- Ms. Christine Tanner (Accounting Associate), Mr. Cullen Rose (Analyst), and Ms. Carol Henry (Marketing Associate) left the firm in the second quarter. Four new Associate Analysts joined Relational (Michael Carlson, Danielle Mahan, Michael McCulloch, Tyler Smith).

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Relational Investors

Second Quarter 2010

Performance Analysis:

Relational's large cap portfolio performance slightly trailed the S&P 500 Index for the second quarter of 2010. However, Relational realized sizeable gains with the exit from three positions as each reached their valuation target: MetLife, Precision Castparts, and Time Warner. As a result of Relational's efforts, Freeport McMoRan Copper & Gold Inc. improved their board composition with the removal of four directors with business interests tied to the company; Freeport also paid down \$1B in debt and reinstated the dividend. Genzyme completed a \$11B stock buyback while naming a second appointee recommended by Relational to the board, and is now a takeover target. Steps have also been made at CVS Caremark for a turnaround in their PBM business with improvements in their capital allocation with stock buyback programs in place. Relational also won the advisory vote against the proposed executive compensation proposal at Occidental and the company is initiating a new succession plan. Unum announced a share repurchase program larger than expected and also announced a dividend increase. Home Depot continues cutting costs and readying stores for the housing market to rebound, with reformed governance and compensation practices. Relational continues to work closely with Baxter on the plasma market and to decrease R&D spending and also making improvements at Intuit with changes in the compensation performance metrics. Relational has three new toehold positions and is at varying stages of due diligence on five additional investments. Wilshire will continue to monitor and provide updates on the fund.

Calendar Year Performance (%)									
As of 6/30/2010									
	YTD	2009	2008	2007	2006	2005	2004	2003	2002
Relational	-4.30	24.56	-41.01	-10.01	9.29	9.89	16.49	40.77	0.55
Custom S&P 500	-6.70	26.45	-37.01	5.54	15.81	4.89	10.87	28.69	-22.12
Excess Return	2.40	-1.89	-4.00	-15.55	-6.52	5.00	5.62	12.08	22.67

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Relational Investors – Mid Cap
Second Quarter 2010

Investment Type: U.S. Corporate Governance Fund

Inception Date: July 2008

Capital Commitment: \$300 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 42.0 million	\$ 322.5 million
Distributed Capital:	\$ 27.8 million	\$ 113.9 million

Market Value (6/30/10): \$ 288.5 million

Investment Strategy:

Relational's process is aimed at improving the performance of portfolio companies in a variety of areas, including operations, financial structure, and overall strategy. Typically, portfolio companies will be fairly mature companies with strong cash flows from underperforming core businesses. Generally, Relational is not looking for "turn around" opportunities. Relational looks to proactively engage each portfolio company to improve performance in the belief that improved corporate performance will result in a higher valuation for the company. RMMF will maintain a concentrated portfolio of 8-12 stocks with no single company will represent more than 25% of the Fund. There are no sector weight targets or limits.

Summary Analysis:

Number of Investments: 11

Organization:

- Ms. Christine Tanner (Accounting Associate), Mr. Cullen Rose (Analyst), and Ms. Carol Henry (Marketing Associate) left the firm in the second quarter. Four new Associate Analysts joined Relational (Michael Carlson, Danielle Mahan, Michael McCulloch, Tyler Smith).

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Relational Investors – Mid Cap

Second Quarter 2010

Performance Analysis:

Relational continues building its Mid Cap portfolio with eleven disclosed holdings. The Mid Cap portfolio trailed the benchmark this quarter and exited one position (Cliffs Natural Resources) completely for a 93% gain; three other positions (AGCO, Esterline, and Gildan) were trimmed for great gains. International Rectifier continues to repurchase shares, while Harman made its first acquisition in the emerging markets and declassified its board. Relational was instrumental in stopping Charles River from making a poor acquisition choice of WuXi Pharma. Gildan continues to perform well and gaining market share. AGCO has also agreed to declassify its board. At Ameriprise, Relational continues discussions about compensation and revising their proxy. Relational continues to meet with Esterline regarding their dilutive acquisitions and disciplined capital allocation strategy. Supervalu hired a new chief information officer as part of their turnaround plan. Given the young age of the fund, the manager indicated that it will continue to look for attractive opportunities; Relational is currently in varying stages of due diligence on six additional investments. Wilshire will continue to monitor the portfolio activities.

Calendar Year Performance (%)			
As of 6/30/2010			
	YTD	2009	4Q08*
Relational Mid-Cap	-3.10	82.41	-29.93
S&P 400 Mid Cap Index	-1.40	37.38	-25.55
Excess Return	-1.70	45.03	-4.38

*First full-quarter performance since fund inception

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Taiyo Pacific Partners/WL Ross

Second Quarter 2010

Investment Type: Japanese Corporate Governance Fund

Inception Date: July 2003

Capital Commitment: \$500 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 502.5 million
Distributed Capital:	\$ 0.0 million	\$ 0.0 million

Market Value (6/30/10): \$ 610.6 million

Investment Strategy:

Taiyo Pacific Partners/WL Ross believe that public equity investors in Japan can be rewarded with superior returns by investing in companies that will implement corporate governance improvements. The investment strategy has two elements. First, identify undervalued stocks utilizing Taiyo's asset value and earnings potential analysis. Second, create valuation improvements by means of a three-phase corporate governance strategy. The three phases are: improving transparency and disclosure, improving corporate profitability, and improving shareholder value. Taiyo proposes to use its own proprietary database to identify target companies. Once identification is made, Taiyo's strategy is to be a constructive shareholder with those companies willing to make corporate governance improvements.

Summary Analysis:

Number of Investments: 16

Organization:

- Taiyo relocated to Kirkland, WA in July and the transition process was smooth. New CFO Purvi Gandhi and new COO Greg Schieder have now officially taken over responsibilities from their replacements, Marianne Winkler and John Hammond, respectively. John Hammond is still with Taiyo and is now fully focused on leading the Strike team on strategic planning.
- Two Directors from the RBI team, Richard Boyden and Kenji Iwamoto, also did not join Taiyo's move and departed the firm. Their responsibilities were distributed across the team. Deborah Horwith, previously Taiyo's Controller, also did not move to WA. Taiyo brought in Sonia Huang as the new Controller.
- Taiyo brought in Sarath Sathkumara as Managing Director. Sarath will primarily focus the development of the new India Fund. According to Taiyo, the India Fund could launch as soon as the end of this year depending on fund raising progress.

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Taiyo Pacific Partners/WL Ross

Second Quarter 2010

Performance Analysis:

The Taiyo Fund's second quarter time-weighted return of -6.5% outperformed relative to the TOPIX, which returned -14.0%. This quarter's relative outperformance can primarily be attributed to better-than-market returns produced by the Taiyo Fund's equipment manufacturing company Nabtesco Corp (9.3% weight, +10.1% return) and industrial waste processing company Daiseiki Co (8.6% weight, -3.8% return). Taiyo's large holding in health services Miraca (12.2% weight, -6.5% return) fared better than the TOPIX and it too contributed to the fund's relative return. In addition, nearly 9% of the fund was still in cash and this allocation also had a positive impact in 2Q. Over the one-year and longer periods, the Taiyo Fund's track record continued to beat the TOPIX.

Calendar Year Performance (%)							
As of 6/30/2010							
	YTD	2009	2008	2007	2006	2005	2004
Taiyo	1.30	29.31	-37.32	-3.91	9.08	56.46	27.03
Topix Index	-7.30	5.63	-41.77	-12.22	1.90	44.29	11.23
Excess Return	8.60	23.68	4.45	8.31	7.18	12.17	15.80

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Taiyo Pearl Fund/WL Ross

Second Quarter 2010

Investment Type: Japanese Corporate Governance Fund

Inception Date: October 2007

Capital Commitment: \$200 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 200.0 million
Distributed Capital:	\$ 0.0 million	\$ 0.0 million

Market Value (6/30/10): \$ 204.8 million

Investment Strategy:

TPF believes that responsible shareholder influence can unlock the value in Japanese companies, resulting in significant out performance for shareholders. TPF will utilize a friendly relational approach in working with Japanese companies in both public and private equity space to create and/or unlock value. TPF will focus on companies with a market cap of \$50 ~ \$500million. The investment approach will include 1) activist investing in public companies including taking a controlling stake where appropriate (5% or greater in Japanese equities), 2) active investing in attractive public companies (where they will not take a controlling stake holding less than 5%) and 3) active investing in private companies. Taiyo is seeking to achieve a 15% to 20% annualized return on an absolute basis. The portfolio will average about 30 stocks at a time and several private equity transactions.

Summary Analysis:

Number of Investments: 16

Organization:

- Taiyo relocated to Kirkland, WA in July and the transition process was smooth. New CFO Purvi Gandhi and new COO Greg Schieder have now officially taken over responsibilities from their replacements, Marianne Winkler and John Hammond, respectively. John Hammond is still with Taiyo and is now fully focused on leading the Strike team on strategic planning.
- Two Directors from the RBI team, Richard Boyden and Kenji Iwamoto, also did not join Taiyo's move and departed the firm. Their responsibilities were distributed across the team. Deborah Horwith, previously Taiyo's Controller, also did not move to WA. Taiyo brought in Sonia Huang as the new Controller.
- Taiyo brought in Sarath Sathkumara as Managing Director. Sarath will primarily focus the development of the new India Fund. According to Taiyo, the India Fund could launch as soon as the end of this year depending on fund raising progress.

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Taiyo Pearl Fund/WL Ross

Second Quarter 2010

Performance Analysis:

For the quarter ended June 30, 2010, the Pearl Fund generated a time-weighted return of 2.0%, beating its stated objective, Absolute Return of 0%, as well as the TOPIX, which returned -14.0%. Taiyo initiated a round of rebalancing within the Pearl Fund holdings during the 1Q based on its new expectations of the Japanese equity markets. As Japan's economic recovery continues, Taiyo decided now is time to rebalance the Pearl Fund and reposition its exposure to better capture some of this momentum. This will be achieved primarily thru shifting focus towards service and technology related companies with higher global exposures. While the rebalancing is still on-going, it did have a positive impact on Pearl's performance this quarter as some of the names the fund rotated into saw sizable appreciation. Among the top gainers that Pearl upped exposure during the 2Q were electronic sensor manufacturer Nippon Ceramic (10.5% weight, +10.3% return), health care company "Crow" (4.6% weight, +9.4% return), and retail securities broker "Charles" (2.2% weight, +14.9% return). These gains were able to largely offset poor performance produced by the Pearl Fund's large holdings, including "Sting" (10.3% weight, -11.5% return), "Floyd" (11.3% weight, -9.1% return), and "Jar" (10.4% weight, -8.1% return).

Calendar Year Performance (%)			
As of 6/30/2010			
	YTD	2009	2008
Taiyo Pearl Fund	11.8	-2.78	-11.27
Absolute Return of 0%	0.00	0.00	0.00
Excess Return	<i>11.80</i>	-2.78	-11.27

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Taiyo Cypress Fund/WL Ross

Second Quarter 2010

Investment Type: Japanese Corporate Governance Fund

Inception Date: April 2008

Capital Commitment: \$200 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 200.2 million
Distributed Capital:	\$ 0.0 million	\$ 0.0 million

Market Value (6/30/10): \$ 184.9 million

Investment Strategy:

Investment Strategy: TCF sees considerable un-tapped value in the Japanese stock market. TCF believes that responsible shareholder influence can unlock the value in Japanese companies, resulting in significant outperformance for shareholders. TCF will utilize a friendly relational approach in working with Japanese companies focused on opportunities in both the public and private equity space to create and/or unlock value. TCF will focus on companies with a market cap greater than ¥220 billion. The investment approach will include 1) activist investment in public companies including taking a controlling stake where appropriate (5% or greater in Japanese equities) and 2) active investment in private companies. The portfolio is expected to hold 8-10 publicly traded companies representing no less than 65% of the portfolio, with the remainder of the portfolio to be comprised of private equity.

Summary Analysis:

Number of Investments: 12

Organization:

- Taiyo relocated to Kirkland, WA in July and the transition process was smooth. New CFO Purvi Gandhi and new COO Greg Schieder have now officially taken over responsibilities from their replacements, Marianne Winkler and John Hammond, respectively. John Hammond is still with Taiyo and is now fully focused on leading the Strike team on strategic planning.
- Two Directors from the RBI team, Richard Boyden and Kenji Iwamoto, also did not join Taiyo's move and departed the firm. Their responsibilities were distributed across the team. Deborah Horwith, previously Taiyo's Controller, also did not move to WA. Taiyo brought in Sonia Huang as the new Controller.
- Taiyo brought in Sarath Sathkumara as Managing Director. Sarath will primarily focus the development of the new India Fund. According to Taiyo, the India Fund could launch as soon as the end of this year depending on fund raising progress.

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Taiyo Cypress Fund/WL Ross

Second Quarter 2010

Performance Analysis (Continued):

The Cypress Fund generated a time-weighted return of -1.1% for the quarter ending June 30 and significantly outperformed relative to the TOPIX, which returned -14.0%. Favorable stock selection effect was the primary driver to this quarter's strong relative performance, and this was particularly so with 3 of Cypress' top 4 holdings, which combined account for 38% of the fund. These investments included apartment constructor "Bigfoot" (+10.4%), pharmaceutical company "Belushi" (+3.0%), and automobile auction operator "Bingo" (-0.6%). Over the 1-year period, the Cypress Fund's annualized performance of 13.9% has continued to beat the TOPIX's -9.5%.

Calendar Year Performance (%)			
As of 6/30/2010			
	YTD	2009	2008*
Taiyo Cypress Fund	4.70	20.28	-22.53
Topix Index	-7.30	5.63	-34.91
Excess Return	12.00	14.65	12.38

* Full-quarter performance started 6/30/2008

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Knight Vinke
Second Quarter 2010

Investment Type: European Corporate Governance Fund

Inception Date: September 2003

Capital Commitment: \$300 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 60.5 million	\$ 699.8 million
Distributed Capital:	\$ 0.0 million	\$ 606.5 million

Market Value (6/30/10): \$ 134.2 million

Investment Strategy:

Knight Vinke believes that in the absence of effective corporate governance and a truly independent board, the separation of ownership and management can create the opportunity for management to act in its own self interest rather than that of the shareholders. The strategy looks to identify underperforming stocks of companies that are fundamentally strong where redress of the underperformance is possible in a reasonable amount of time. The firm believes that detailed fundamental analysis can identify underperforming companies that have strong operating businesses, but are in need of a corporate finance solution to a factor or factors that specifically is depressing the share price. To identify such companies the firm uses several sources: its own screening process through market information services such as Bloomberg, their own industry knowledge, outside brokers, other institutional shareholders, other corporations, industry manager who may have recently retired, or corporate finance professionals.

Summary Analysis:

Number of Investments: 4

Organization:

There were no organization or staff changes in the current period

On top of the commitments described last quarter, KV are in final contract negotiations with a major North American institution whose investment committee has approved the KVIP fund for investment. Total market adjusted AUM (including KVIP, IMAs, and the co-investment program, and new investors in contract negotiations) as of the end of Q2 2010 equaled approximately €1.73 billion.

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Knight Vinke
Second Quarter 2010

Performance Analysis:

KV underperformed the market during the 2nd quarter with an IRR return of -18.1% versus -16.3% for the index, in USD. KV did not fully participate in the sharp rally in world equity markets in the last eighteen months, and retains a more cautious stance as share prices continue to be volatile. In particular, following intensive research, KV has taken a conscious decision to avoid investing in the banking sector, believing that the market is continuing to misprice the risks which remain in the industry. As such, performance over the last twelve months has substantially lagged the index by over 16%. Since inception performance continues to be strong with KV returning almost 5% vs. 0.44% for the index.

KV has substantial room for further investment when pricing becomes attractive given the level of un-invested commitments which currently stands around 59%. The upshot is that the underperformance over the last year can meaningfully reverse as KV becomes more fully invested and the market starts to value target companies according to KV's theses. KV is looking to be more active and add names to the portfolio this year, including two new investments this quarter. First, KV recognize that large cap public engagements tend to require a longer term horizon and they intend, therefore, to balance these with some mid-cap investments, particularly in light of the fact that the PE community is still suffering from credit restrictions. Secondly, KV is ready to trade in and out of positions more opportunistically than they have in the past.

Calendar Year Performance (%)							
As of 6/30/2010							
	YTD	2009	2008	2007	2006	2005	2004
Knight Vinke	-23.10	14.86	-34.26	7.42	51.12	28.08	24.73
FTSE All World Europe	-16.20	38.73	-46.99	15.47	35.15	10.81	21.51
Excess Return	-6.90	-23.87	12.73	-8.05	15.97	17.27	3.22

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Blum Strategic Partners III
Second Quarter 2010

Investment Type: U.S. Corporate Governance Fund

Inception Date: July 2005

Capital Commitment: \$200 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 269.4 million
Distributed Capital:	\$ 2.9 million	\$ 96.9 million

Market Value (6/30/10): \$ 90.3 million

Investment Strategy:

Blum believes that its private equity investment approach executed in the small- and mid-cap sectors of the public market results in superior returns for long-term investors. Blum seeks to find undervalued “good businesses”, where it can substantially improve shareholder value by working in partnership with management and Boards of Directors to implement value-enhancing strategies. Blum chooses to look at companies with a 10% cash-on-cash yield combined with a projected 10% growth rate in the free cash flow. Once the criteria are met, Blum will only invest if it believes that management and the Board will be receptive to its suggestions. The benchmark for Blum is an absolute return of 8% per annum.

Summary Analysis:

Number of Investments: 15

Organization: Juan Carlos, a VP at Blum, went on to pursue other business interests and departed during 2Q.

Philosophy/Process: No material changes.

Performance Analysis:

The Strategic Partners Fund III ended the second quarter of 2010 with a time-weighted return of -15.6%, underperforming its absolute 8% objective as well as the Russell 2000 Index. Second quarter was a tough time period for public equity markets as concerns about the strength of U.S. economic recovery weakened investor confidence, and Blum's investments were no exception and took hits. As a result, Fund III gave back all of its 1Q gains and was again under water since inception. The biggest declines came from Fund III's top holdings in education and real estate, which combine accounted for \$18 million (or nearly 16%) of drop in CalPERS Fund III's market value: Career Education, 27.7% weight, -27.2% return; ITT Educational Services, 19.1% weight, -26.2% return; CB Richard Ellis Group, 15.6% weight, -14.1% return. Blum attributed the heavy selloff in the education companies' shares to uncertainties surrounding potentially unfavorable government regulation but believes the concerns to be transitory. Per Blum's explanation, its modeling results, even after accounting for the government regulation impact, suggests that the for-profit education companies' earnings warrant higher valuation and therefore it is committed to these investments. The high exposure to educational sector (47% overall) will subject Fund III's performance to high volatilities and Wilshire will keep monitoring Blum's efforts here.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Blum Strategic Partners III
Second Quarter 2010

Performance Analysis (Continued):

Calendar Year Performance (%)					
As of 6/30/2010					
	YTD	2009	2008	2007	2006
Blum III	1.70	52.17	-42.95	3.92	9.46
8% Absolute Return	3.90	8.00	8.00	8.00	8.00
Excess Return	-2.20	44.17	-50.95	-4.08	1.46

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Blum Strategic Partners IV
Second Quarter 2010

Investment Type: U.S. Corporate Governance Fund

Inception Date: December 2007

Capital Commitment: \$300 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 274.7 million
Distributed Capital:	\$ 6.8 million	\$ 22.6 million

Market Value (6/30/10): \$ 215.6 million

Investment Strategy:

Blum believes that its private equity investment approach executed in the small- and mid-cap sectors of the public market results in superior returns for long-term investors. Blum seeks to find undervalued “good businesses”, where it can substantially improve shareholder value by working in partnership with management and Boards of Directors to implement value-enhancing strategies. Blum chooses to look at companies with a 10% cash-on-cash yield combined with a projected 10% growth rate in the free cash flow. Once the criteria are met, Blum will only invest if it believes that management and the Board will be receptive to its suggestions. The benchmark for Blum is an absolute return of 8% per annum.

Summary Analysis:

Number of Investments: 18

Organization: Juan Carlos, a VP at Blum, went on to pursue other business interests and departed during 2Q.

Philosophy/Process: No material changes.

Performance Analysis:

Strategic Partner Fund IV's second quarter return of -17.5% also underperformed the stated 8% objective and the Russell 2000. Similar to Fund III, most of Fund IV's major investments in the public markets performed poorly during the quarter and detracted from the overall return: Career Education, 19.0% weight, -27.2% return; ITT Educational Services, 17.1% weight, -26.2% return; CB Richard Ellis Group, 13.8% weight, -14.1% return. The further potentially negative impact the educational investments could have on Fund IV is present, albeit Blum's valuation model suggests that real upside remains if investors can look past the initial earnings drop inflicted by new government regulation. On the private side, Fund IV is moving forward with its recent private investment, the first of such in over 2 years. Blum continues to believe that privately negotiated deals offer much more attractive upside in today's market environment, as the retreat of hedge fund players over the last 2 years left a big void in this segment. This is a niche that the firm recently did very well in (with the realization of Myer), although it has also stumbled before (with the loss incurred in WAMU). Wilshire will continue to receive updates as Fund IV carries out its public and private strategic block strategies.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Blum Strategic Partners IV
Second Quarter 2010

Performance Analysis (Continued):

Calendar Year Performance (%) As of 6/30/2010			
	YTD	2009	2008
Blum IV	-5.40	36.28	-48.67
8% Absolute Return	3.90	8.00	8.00
Excess Return	-9.30	28.28	-56.67

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

New Mountain Vantage

Second Quarter 2010

Investment Type: U.S. Corporate Governance Fund

Inception Date: January 2006

Capital Commitment: \$200 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.6 million	\$ 200.7 million
Distributed Capital:	\$ 0.6 million	\$ 1.3 million

Market Value (6/30/10): \$ 220.8 million

Investment Strategy:

New Mountain's strategy is to proactively identify deeply undervalued companies through intensive research and then to unlock the value of these companies by working with management to improve the businesses for the benefit of all shareholders. New Mountain will pursue this value-added strategy for the many situations where a negotiated purchase of control of a public company is not available, but where New Mountain can acquire public shares in the open market and use its style of active ownership to increase the value of the firm's stock. They begin with a "Top-Down" approach, looking at sectors that have stable demands with high growth potentials. They seek companies where barriers to new entry are high, companies have pricing power, and where free cash flow generation characteristics are strong.

Summary Analysis:

Number of Investments: 21

Organization:

David Dimenico is leaving the firm to go to another fund. Steve Klinksy, David Frost, and Dan Riley will resume his responsibilities. Jeremy Morgan and Andrew Chang will get promoted to help relieve some of the workload as well.

Philosophy/Process: No material changes.

Performance Analysis:

New Mountain significantly outperformed the S&P 500 for the quarter as the fund's core holdings Liberty Media, Boardwalk Pipeline Company, and National Fuel outperformed. For longer periods, both the year-to-date and the inception returns have been outstanding. The fund outperformed its benchmark by over 18% since inception.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
New Mountain Vantage
Second Quarter 2010

Performance Analysis (Continued):

Calendar Year Performance (%)					
As of 6/30/2010					
	YTD	2009	2008	2007	2006
New Moutain	1.70	40.95	-27.65	-2.05	
S&P 500	-6.70	26.46	-37.00	5.49	
Excess Return	8.40	14.49	9.35	-7.54	N.A

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Breeden Partners
Second Quarter 2010

Investment Type: U.S. Corporate Governance Fund

Inception Date: June 2006

Capital Commitment: \$500 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 638.4 million
Distributed Capital:	\$ 0.0 million	\$ 138.5 million

Market Value (6/30/10): \$ 347.9 million

Investment Strategy:

Breeden's philosophy is to invest in US companies that are experiencing underperformance and diminished valuation due to correctable problem in policy and governance. The Fund will target mid-to-large-cap companies ranging from \$500 million to \$10 billion in market capitalization. The portfolio will be concentrated and will typically hold 8 to 12 positions. The objective of the Fund is to outperform the S&P 500 Index by 10% over the long-term.

Summary Analysis:

Number of Investments: 16

Organization: Breeden hired Mayo Smith as director of marketing and investor relations.

Philosophy/Process: No material changes.

Performance Analysis:

Although the second quarter of 2010 was again difficult, Breeden outperformed the S&P 500 Index. Breeden exited from three positions over the quarter: Hewitt, Hill-Rom, and Project Debit (Fidelity National Information Services) and initiated investments in four new positions: Projects Click, Conduit, Power, and Secure. The companies in Breeden's portfolio experienced a strong quarter with most companies reporting earnings that beat consensus estimates, others performed in line. Zale received a second \$150M lien from Golden Gate Capital for the buying season for Holiday 2010 and added two new members to its board of directors (from GGC). Steris continues to rebound following the decline due to the FDA notice. Helmerich & Payne's land-based rigs were not affected by the drilling moratorium that resulted from the BP oil spill off the Gulf of Mexico and is well-positioned to weather industry utilization trends. Despite the budget cuts by the Department of Defense, Raytheon is a well-positioned defense company due to their inexpensive valuation, strong balance sheet, capable capital deployment, and good management team. Cyclical slumps are affecting several names in the portfolio currently – AON, Bally, and Burger King, as well as Dun & Bradstreet and Hillenbrand. Breeden will continue to conduct due diligence on the four new additions to the portfolio.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Breeden Partners
Second Quarter 2010

Performance Analysis (Continued):

Calendar Year Performance (%)					
As of 6/30/2010					
	YTD	2009	2008	2007	2006
Breeden Partners	-8.50	23.63	-35.96	-4.28	
S&P 500	-6.70	26.46	-37.00	5.49	
Excess Return	-1.80	-2.83	1.04	-9.77	N.A

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Breeden European Partners

Second Quarter 2010

Investment Type: U.S. Corporate Governance Fund

Inception Date: June 2009

Capital Commitment: \$300 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 50.0 million	\$ 235.3 million
Distributed Capital:	\$ 0.0 million	\$ 0.0 million

Market Value (6/30/10): \$ 192.0 million

Investment Strategy:

The Breeden European Fund will use a similar investment process to the US Fund, investing in underperforming or significantly undervalued companies. The Fund looks for companies without large amount of debt that have positive cash flow, and seeks to identify the causes of poor performance/low relative valuations and to pinpoint steps that will increase return to shareholders. The European Fund is expected to be fairly concentrated with 6 to 9 positions, with no market cap limit.

Summary Analysis:

Number of Investments: 10

Organization:

- Breeden hired Mayo Smith as director of marketing and investor relations.
- Breeden's European team based in London consists of: Ben Barnett, Ed Storey, and Guy Anderson. Back-office operations and trading will still be conducted in the US.
- Breeden European Capital Management has registered with the FSA (Financial Services Authority) as an investment adviser, with intentions to be an investment manager eventually (as dictated by the growth of the firm).
- Breeden European Partners (California) LP is also registered with the SEC as advisers in the US and sub advisers in Europe.

Philosophy/Process: No material changes.

Performance Analysis:

Breeden Europe initiated investment in two additional positions in the second quarter of 2010 to build out their portfolio holdings to a total of ten, therefore as Breeden Europe continues to build up the portfolio, performance is skewed and not a true reflection of actual performance at this stage.

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Breeden European Partners
Second Quarter 2010

Performance Analysis (Continued):

Calendar Year Performance (%)		
As of 6/30/2010		
	YTD	2009*
Breeden European	-20.9	-29.20
MSCI Developed Europe	-16.3	59.93
Excess Return	-4.6	-89.13

* Full-quarter performance started 6/30/2009

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
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Governance for Owners

Second Quarter 2010

Investment Type: European Corporate Governance Fund

Inception Date: October 2006

Capital Commitment: \$300 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 300.1 million
Distributed Capital:	\$ 0.0 million	\$ 0.0 million

Market Value (6/30/10): \$ 198.2 million

Investment Strategy:

GO's philosophy is to invest in fundamentally sound quoted companies in Europe where shares are trading at a discount due to correctable management or strategic issues. GO has a performance objective of five percentage points over the return of the FTSE Developed Europe Total Return Index on an annualized basis. The fund is expected to have 10 to 15 equity positions when it is fully invested with futures used to equitize any meaningful cash balances.

Summary Analysis:

Number of Investments: 19

Organization:

GO announced the appointment of Pedro Yágüez as a new senior investment partner. Pedro is Spanish and brings with him over 20 years investment experience, with a strong performance record and an in depth understanding of European companies. GO also recruited a new Business Development partner, Staffan Elmgren. Staffan, who is Swedish, has over 30 years investment industry experience, initially in private equity and corporate governance and for the past 10 years in marketing

As previously reported, a prominent UK investor withdrew from GO at the end of 2009. The assets represented about 20% of GO's asset base and a significant portion of the firm's revenue. The business risk associated with the firm has clearly increased and it is likely that other investors are looking seriously at the situation. Given the concentrated nature of the firm's investor base, one or two redemptions will have a significant influence on GO's organization. GO has indicated that they will be as open as possible about the situation and is in active discussions with their partners.

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Governance for Owners

Second Quarter 2010

Performance Analysis (Continued):

The fund out-performed the European market for the fifth straight quarter. During the 2nd quarter, the fund was flat versus the down -6.3% for the FTSE All World Developed Europe Index. YTD, the fund has returned 12.6% against a return of -2.3% on the benchmark index. Stock specific factors for individual holdings are discussed in the following section. Performance this quarter brought the since inception performance to -9.3% versus -7.6% for the index.

As mentioned previously and reiterated here, there has been a subtle shift in investment philosophy with an emphasis on companies with a strong core business, whereas in the past GO would invest in middling businesses where the opportunity for engagement was present. This raises the bar on the stocks which might end up in the portfolio. The resultant performance this year indicates that it has been a positive change, but as with any change in investment philosophy, it is worth careful scrutiny. Given recent performance, it is reasonable to say that this shift has improved the outcome of the portfolio performance.

Calendar Year Performance (%)				
As of 6/30/2010				
	YTD	2009	2008	2007
Governance for Owners	-3.90	39.02	-53.14	7.06
FTSE All World Europe	-16.20	38.73	-46.99	15.47
Excess Return	<i>12.30</i>	<i>0.29</i>	<i>-6.15</i>	<i>-8.41</i>

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Lazard Korea Corporate Governance Fund
Second Quarter 2010

Investment Type: Korean Corporate Governance Fund

Inception Date: May 2008

Capital Commitment: \$100 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 0.0 million	\$ 100.0 million
Distributed Capital:	\$ 0.0 million	\$ 0.1 million

Market Value (6/30/10): \$ 69.2 million

Investment Strategy:

The Fund's strategy is to add value by investing in small and mid-sized Korean companies that are undervalued with significant room to improve governance principles and practices. The Fund has a unique and exclusive relationship with the Center for Good Corporate Governance (CGCG), whereby the CGCG provides strategic advice regarding the engagement of a targeted company. Notably, the Fund will pursue its objective through a collaborative discussion between company management, the Fund and other shareholders, rather than a confrontational approach. The Fund feels that the Korean market is particularly well-suited to a corporate governance approach to investing as many companies have poor governance practices and the country trades at a discount to other similar markets as a result.

Summary Analysis:

Number of Investments: 23

Organization: No material changes.

Philosophy/Process: No material changes.

Performance Analysis:

The Korea Corporate Governance Fund generated a return of 0.6% for the second quarter of 2010 and outperformed the KOSPI, which returned -7.1%. The fund is up 6.8% versus -3.8% over the index for the year to date. The positive performance can be attributed to better performance from Lazard's larger holdings. With the majority of the companies in the fund showing healthy earnings or good valuation, Lazard feels comfortable with their current portfolio. The portfolio has an average P/E ratio of 7x and P/B ratio of 0.5x. With the domestic market remaining strong, Lazard hopes that the western countries can keep pace in order for the true values of certain companies in their portfolio to bear fruit. In the meantime, Lazard will continue to address corporate governance issues and evaluate other companies that could add value

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM
Lazard Korea Corporate Governance Fund
Second Quarter 2010

Performance Analysis (Continued):

Calendar Year Performance (%) As of 6/30/2010			
	YTD	2009	2008*
Lazard Korea	6.80	11.11	-40.83
KOSPI	-3.80	65.67	-48.02
Excess Return	<i>10.60</i>	<i>-54.56</i>	<i>7.19</i>

* Full-quarter performance started 6/30/2008

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Cartica Capital Partners, LP

Second Quarter 2010

Investment Type: Emerging Markets Corporate Governance Fund

Inception Date: December 2009

Capital Commitment: \$200 million

	<u>Quarter</u>	<u>Since Inception</u>
Contributed Capital:	\$ 41.7 million	\$ 105.0 million
Distributed Capital:	\$ 0.0 million	\$ 0.0 million

Market Value (6/30/10): \$ 122.7 million

Investment Strategy:

CCPLP will pursue a long-only investment strategy in emerging markets with investment in both public and private equity. The portfolio will target companies with enterprise values between USD \$100 million and \$2 billion and CMLLC will use a “relational” investment approach, working cooperatively with management. It is expected that public equities will comprise approximately 70% of the portfolio. The private equity portfolio will generally be focused on pre-IPO situations and CMLLC expects to avoid turnaround or distressed situations. The target market cap range for private transactions is slightly lower -- \$80 million to \$1 billion. CCPLP's goal “is to realize significant returns by identifying companies with the greatest potential for increased value once they implement governance enhancement policies tailored to the specific circumstances of the individual company and financial market.”

Summary Analysis:

Number of Investments: 6

Organization:

Cartica added an additional business analyst, Christopher Kim, in the second quarter. He will be responsible for general company research and modeling.

Toward the end of Q1, Cartica launched on-shore and off-shore funds which will invest pari-passu with the CalPERS investment. While they have been focused on deploying capital, they have reached out to larger institutional investors and have a goal of raising \$100-200 million in additional commitments in 2010. Several investors have expressed interest but there is little visibility into the timing of potential investments.

Philosophy/Process: No material changes.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CORPORATE GOVERNANCE INVESTMENT PROGRAM**

Cartica Capital Partners, LP

Second Quarter 2010

Performance Analysis (Continued):

Cartica continue to work to reconcile performance discrepancies with the custodian. Cartica's calculation of since inception performance was substantially positive with a return of 27.95% versus the index return of -3.84%. Year-to-date performance is also strong with a return of 25.3% versus the index return of -4.2%.

Cartica believes they are on target to be fully invested within the year and have a number of ideas to increase the holdings in the portfolio as well as the diversification by country.

Calendar Year Performance (%) As of 6/30/2010		
	YTD	2009*
Cartica	24.40	8.10
FTSE AW EM Index	-5.50	8.93
Excess Return	29.90	-0.83

* Full-quarter performance started 12/31/2009